

Financial Data  
2025

Year ended March 31, 2025

Contents

|  |    |
|--|----|
| Consolidated Financial Statements .....              | 02 |
| Consolidated Balance Sheets.....                     | 02 |
| Consolidated Statements of Income .....              | 04 |
| Consolidated Statements of Comprehensive Income..... | 04 |
| Consolidated Statements of Changes in Equity.....    | 05 |
| Consolidated Statements of Cash Flows .....          | 06 |
| Notes to Consolidated Financial Statements .....     | 07 |
| Independent Auditors' Report.....                    | 32 |

Consolidated Financial Statements

Consolidated Balance Sheets

SECOM CO., LTD. and Subsidiaries  
March 31, 2025 and 2024

|   | In millions of yen |            | Translation into thousands<br>of U.S. dollars (Note 3) |
|---|--------------------|------------|--|
|   | 2025               | 2024       | 2025   |
| <b>ASSETS</b>   |                    |            |  |
| <b>Current assets:</b>  |                    |            |  |
| Cash and cash equivalents (Notes 5 and 22).....                 | ¥ 418,633          | ¥ 435,728  | \$ 2,790,887   |
| Time deposits (Note 13) .....                                   | 38,077             | 24,060     | 253,847  |
| Cash deposits for armored car services (Note 6) .....           | 141,000            | 138,562    | 940,000  |
| Short-term investments (Notes 7 and 22) .....                   | 25,173             | 12,374     | 167,820  |
| Notes and accounts receivable, trade .....                      | 186,195            | 178,278    | 1,241,300  |
| Due from subscribers.....                                       | 66,450             | 67,573     | 443,000  |
| Inventories (Note 8) .....                                      | 51,423             | 52,530     | 342,820  |
| Short-term deferred charges (Note 2 (13)).....                  | 7,349              | 7,205      | 48,993   |
| Short-term receivables (Notes 9, 13, 20 and 21) .....           | 28,403             | 25,719     | 189,353  |
| Allowance for credit losses (Note 9) .....                      | (2,442)            | (2,191)    | (16,280)   |
| Deferred insurance acquisition costs (Note 14) .....            | 3,389              | 3,238      | 22,593   |
| Other current assets.....                                       | 27,009             | 21,271     | 180,060  |
| Total current assets.....                                       | 990,659            | 964,347    | 6,604,393  |
|   |                    |            |  |
| <b>Investments and long-term receivables:</b>                   |                    |            |  |
| Investment securities (Notes 2 (7), 7, 13 and 22).....          | 298,078            | 291,716    | 1,987,187  |
| Investments in affiliated companies (Note 10) .....             | 155,811            | 151,635    | 1,038,740  |
| Long-term receivables (Notes 9, 13, 20 and 21) .....            | 39,436             | 38,077     | 262,907  |
| Lease deposits.....   | 24,818             | 23,756     | 165,453  |
| Other investments .....   | 13,950             | 13,397     | 92,999   |
| Allowance for credit losses (Note 9) .....                      | (3,680)            | (3,886)    | (24,533)   |
|   | 528,413            | 514,695    | 3,522,753  |
|   |                    |            |  |
| <b>Property, plant and equipment</b> (Notes 11, 13, 19 and 20): |                    |            |  |
| Land .....  | 123,787            | 126,074    | 825,247  |
| Buildings and improvements .....                                | 444,867            | 412,137    | 2,965,780  |
| Security equipment and control stations .....                   | 400,513            | 390,434    | 2,670,087  |
| Machinery, equipment and automobiles.....                       | 176,360            | 174,704    | 1,175,733  |
| Construction in progress.....                                   | 16,276             | 32,442     | 108,507  |
|   | 1,161,803          | 1,135,791  | 7,745,354  |
| Accumulated depreciation .....                                  | (683,375)          | (672,313)  | (4,555,833)  |
|   | 478,428            | 463,478    | 3,189,521  |
|   |                    |            |  |
| <b>Other assets:</b>  |                    |            |  |
| Operating lease right-of-use assets (Notes 2 (12) and 19) ..... | 132,273            | 136,525    | 881,820  |
| Long-term deferred charges (Note 2 (13)).....                   | 14,162             | 13,085     | 94,413   |
| Goodwill (Note 12).....   | 138,692            | 137,685    | 924,613  |
| Other intangible assets (Notes 12, 13, 19 and 20) .....         | 67,932             | 65,025     | 452,880  |
| Prepaid pension and severance costs (Note 15).....              | 73,578             | 69,583     | 490,520  |
| Deferred income taxes (Note 17) .....                           | 15,846             | 13,674     | 105,640  |
|   | 442,483            | 435,577    | 2,949,886  |
| <b>Total assets</b> .....                                       | ¥2,439,983         | ¥2,378,097 | \$16,266,553   |

See accompanying notes to consolidated financial statements.

|   | In millions of yen |            | Translation into thousands<br>of U.S. dollars (Note 3) |
|---|--------------------|------------|--|
|   | 2025               | 2024       | 2025   |
| <b>LIABILITIES AND EQUITY</b>   |                    |            |  |
| <b>Current liabilities:</b>   |                    |            |  |
| Bank loans (Notes 6 and 13).....  | ¥ 33,355           | ¥ 29,185   | \$ 222,367   |
| Current portion of long-term debt (Notes 13, 19 and 21) .....           | 10,605             | 11,350     | 70,700   |
| Notes and accounts payable, trade .....                                 | 42,672             | 42,732     | 284,480  |
| Other payables.....   | 49,678             | 52,981     | 331,187  |
| Deposits received (Note 6) .....  | 127,649            | 131,584    | 850,993  |
| Deferred revenue.....   | 38,617             | 37,576     | 257,447  |
| Accrued income taxes .....  | 25,900             | 26,557     | 172,667  |
| Accrued payroll.....  | 62,944             | 47,247     | 419,627  |
| Current operating lease liabilities (Notes 2 (12) and 19) .....         | 23,280             | 22,811     | 155,200  |
| Other current liabilities.....  | 36,413             | 34,220     | 242,752  |
| Total current liabilities.....  | 451,113            | 436,243    | 3,007,420  |
|   |                    |            |  |
| <b>Long-term liabilities:</b>   |                    |            |  |
| Long-term debt (Notes 13, 19 and 21).....                               | 49,261             | 51,410     | 328,407  |
| Guarantee deposits received.....  | 23,665             | 23,267     | 157,767  |
| Accrued pension and severance costs (Note 15) .....                     | 28,812             | 28,916     | 192,080  |
| Long-term deferred revenue.....   | 16,891             | 15,870     | 112,607  |
| Unearned premiums and other insurance liabilities (Note 14).....        | 128,146            | 127,915    | 854,307  |
| Investment deposits by policyholders (Notes 14 and 21) .....            | 9,437              | 11,804     | 62,913   |
| Deferred income taxes (Note 17) .....                                   | 38,077             | 34,374     | 253,847  |
| Noncurrent operating lease liabilities (Notes 2 (12) and 19) .....      | 110,610            | 114,913    | 737,400  |
| Other long-term liabilities (Notes 21, 22 and 23).....                  | 18,014             | 18,056     | 120,092  |
| Total long-term liabilities .....                                       | 422,913            | 426,525    | 2,819,420  |
| <b>Total liabilities</b> .....  | 874,026            | 862,768    | 5,826,840  |
|   |                    |            |  |
| <b>Commitments and contingent liabilities</b> (Note 24)                 |                    |            |  |
|   |                    |            |  |
| <b>Equity:</b>  |                    |            |  |
| SECOM CO., LTD. shareholders' equity (Note 18):                         |                    |            |  |
| Common stock  |                    |            |  |
| Authorized—1,800,000,000 shares, issued 466,599,796 shares in 2025      |                    |            |  |
| Authorized—1,800,000,000 shares, issued 466,599,796 shares in 2024..... | 66,427             | 66,427     | 442,847  |
| Additional paid-in capital.....   | 55,875             | 61,376     | 372,500  |
| Legal reserve .....   | 11,452             | 11,278     | 76,347   |
| Retained earnings.....  | 1,358,655          | 1,297,459  | 9,057,700  |
| Accumulated other comprehensive income (loss):                          |                    |            |  |
| Unrealized gains on securities (Note 7) .....                           | 294                | 167        | 1,960  |
| Pension liability adjustments (Note 15).....                            | 10,294             | 11,967     | 68,627   |
| Foreign currency translation adjustments.....                           | 45,430             | 30,332     | 302,866  |
|   | 56,018             | 42,466     | 373,453  |
|   |                    |            |  |
| Common stock in treasury, at cost:                                      |                    |            |  |
| 50,925,784 shares in 2025 and 45,616,920 shares in 2024 .....           | (176,716)          | (149,979)  | (1,178,107)  |
| Total SECOM CO., LTD. shareholders' equity.....                         | 1,371,711          | 1,329,027  | 9,144,740  |
| Noncontrolling interests.....   | 194,246            | 186,302    | 1,294,973  |
| <b>Total equity</b> .....   | 1,565,957          | 1,515,329  | 10,439,713   |
| <b>Total liabilities and equity</b> .....                               | ¥2,439,983         | ¥2,378,097 | \$16,266,553   |

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

SECOM CO., LTD. and Subsidiaries  
Three years ended March 31, 2025

|   | In millions of yen   |            |            | Translation into thousands<br>of U.S. dollars (Note 3) |
|---|----------------------|------------|------------|--|
|   | Years ended March 31 |            |            | Year ended March 31                                    |
|   | 2025                 | 2024       | 2023       | 2025   |
| Net sales and operating revenue (Notes 14, 18, 22 and 25) .....   | ¥1,311,132           | ¥1,283,898 | ¥1,227,316 | \$8,740,880  |
| Costs and expenses:   |                      |            |            |  |
| Cost of sales (Note 8) .....  | 938,440              | 891,103    | 861,802    | 6,256,267  |
| Selling, general and administrative expenses (Notes 2 (18), 2 (19), 2 (20) and 4) .....                         | 241,403              | 228,501    | 216,032    | 1,609,353  |
| Impairment loss on long-lived assets (Note 11) .....  | 3,666                | 4,428      | 2,647      | 24,440   |
| Impairment loss on goodwill (Note 12) .....   | —                    | 4,404      | 1,456      | —  |
| Gain and loss on sales and disposal of fixed assets, net .....  | (707)                | 496        | (173)      | (4,713)  |
|   | 1,182,802            | 1,128,932  | 1,081,764  | 7,885,347  |
| Operating income .....  | 128,330              | 154,966    | 145,552    | 855,533  |
| Other income:   |                      |            |            |  |
| Interest and dividends .....  | 4,638                | 3,573      | 2,325      | 30,920   |
| Gain and loss on sales of securities, net (Notes 7 and 18) .....  | 187                  | —          | —          | 1,247  |
| Gain on other-than-temporary impairment of investment securities (Notes 18 and 22) ...                          | 443                  | 9,771      | 478        | 2,953  |
| Gain on private equity investments (Note 22) .....  | 17,534               | 18,221     | 11,792     | 116,893  |
| Other (Notes 15, 16, 18 and 23) .....   | 5,665                | 7,545      | 5,445      | 37,767   |
|   | 28,467               | 39,110     | 20,040     | 189,780  |
| Other expenses:   |                      |            |            |  |
| Interest .....  | 1,573                | 1,340      | 1,183      | 10,487   |
| Gain and loss on sales of securities, net (Notes 7 and 18) .....  | —                    | 851        | 111        | —  |
| Other (Note 16) .....   | 1,627                | 1,173      | 1,298      | 10,846   |
|   | 3,200                | 3,364      | 2,592      | 21,333   |
| Income from continuing operations before income taxes and equity<br>in net income of affiliated companies ..... | 153,597              | 190,712    | 163,000    | 1,023,980  |
| Income taxes (Note 17):   |                      |            |            |  |
| Current .....   | 47,659               | 48,106     | 45,872     | 317,727  |
| Deferred .....  | (1,172)              | 10,107     | 3,584      | (7,814)  |
|   | 46,487               | 58,213     | 49,456     | 309,913  |
| Income from continuing operations before equity<br>in net income of affiliated companies .....                  | 107,110              | 132,499    | 113,544    | 714,067  |
| Equity in net income of affiliated companies (Note 18) .....  | 8,315                | 9,980      | 8,152      | 55,433   |
| Net income .....  | 115,425              | 142,479    | 121,696    | 769,500  |
| Less: Net income attributable to noncontrolling interests .....   | (14,357)             | (16,595)   | (10,138)   | (95,713)   |
| Net income attributable to SECOM CO., LTD. ....   | ¥ 101,068            | ¥ 125,884  | ¥ 111,558  | \$ 673,787   |

|   | In yen               |         |         | Translation into<br>U.S. dollars (Note 3) |
|---|----------------------|---------|---------|---|
|   | Years ended March 31 |         |         | Year ended March 31                       |
|   | 2025                 | 2024    | 2023    | 2025                                      |
| Per share data (Note 2 (22)):                   |                      |         |         |   |
| Net income attributable to SECOM CO., LTD. .... | ¥243.03              | ¥297.60 | ¥258.34 | \$1.62                                    |
| Cash dividends per share (Note 18) .....        | ¥ 95.00              | ¥ 95.00 | ¥ 90.00 | \$0.63                                    |

Consolidated Statements of Comprehensive Income

SECOM CO., LTD. and Subsidiaries  
Three years ended March 31, 2025

|   | In millions of yen   |          |          | Translation into thousands<br>of U.S. dollars (Note 3) |
|---|----------------------|----------|----------|--|
|   | Years ended March 31 |          |          | Year ended March 31                                    |
|   | 2025                 | 2024     | 2023     | 2025   |
| Comprehensive income:   |                      |          |          |  |
| Net income .....  | ¥115,425             | ¥142,479 | ¥121,696 | \$ 769,500   |
| Other comprehensive income (loss), net of tax:                            |                      |          |          |  |
| Unrealized gains on securities .....                                      | 127                  | 1,388    | (3,644)  | 847  |
| Pension liability adjustments .....                                       | (1,262)              | 7,030    | 2,716    | (8,413)  |
| Foreign currency translation adjustments .....                            | 16,992               | 12,380   | 16,885   | 113,279  |
| Total comprehensive income .....  | 131,282              | 163,277  | 137,653  | 875,213  |
| Less: Comprehensive income attributable to noncontrolling interests ..... | (16,662)             | (18,512) | (11,188) | (111,080)  |
| Comprehensive income attributable to SECOM CO., LTD. ....                 | ¥114,620             | ¥144,765 | ¥126,465 | \$ 764,133   |

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

SECOM CO., LTD. and Subsidiaries  
Three years ended March 31, 2025

|  | In millions of yen            |                 |                                  |                  |                      |  |  |   |                             |            |
|--|-------------------------------|-----------------|----------------------------------|------------------|----------------------|--|--|---|-----------------------------|------------|
|  | Number of<br>shares<br>issued | Common<br>stock | Additional<br>paid-in<br>capital | Legal<br>reserve | Retained<br>earnings | Accumulated<br>other com-<br>prehensive<br>income (loss) | Common<br>stock in<br>treasury,<br>at cost | Total<br>SECOM CO., LTD.<br>shareholders'<br>equity | Noncontrolling<br>interests | Total      |
|  |                               |                 |                                  |                  |                      |  |  |   |                             |            |
| Balance, March 31, 2022 .....  | 466,596,098                   | ¥66,419         | ¥63,014                          | ¥10,972          | ¥1,139,866           | ¥ 8,678  | (¥ 79,437)                                 | ¥1,209,512  | ¥135,437                    | ¥1,344,949 |
| Comprehensive income:  |                               |                 |                                  |                  |                      |  |  |   |                             |            |
| Net income .....   | —                             | —               | —                                | —                | 111,558              | —  | —  | 111,558   | 10,138                      | 121,696    |
| Other comprehensive income (loss), net of tax (Note 18):                       |                               |                 |                                  |                  |                      |  |  |   |                             |            |
| Unrealized gains on securities .....   | —                             | —               | —                                | —                | —                    | (3,644)  | —  | (3,644)   | —                           | (3,644)    |
| Pension liability adjustments .....  | —                             | —               | —                                | —                | —                    | 2,490  | —  | 2,490   | 226                         | 2,716      |
| Foreign currency translation adjustments .....                                 | —                             | —               | —                                | —                | —                    | 16,061   | —  | 16,061  | 824                         | 16,885     |
| Total comprehensive income .....   |                               |                 |                                  |                  |                      |  |  | 126,465   | 11,188                      | 137,653    |
| Issuance of new stocks .....   | 3,698                         | 8               | 8                                | —                | —                    | —  | —  | 16  | —                           | 16         |
| Cash dividends paid to SECOM CO., LTD. shareholders .....                      | —                             | —               | —                                | —                | (39,060)             | —  | —  | (39,060)  | —                           | (39,060)   |
| Cash dividends paid to noncontrolling interests .....                          | —                             | —               | —                                | —                | —                    | —  | —  | —   | (3,199)                     | (3,199)    |
| Transfer to legal reserve .....  | —                             | —               | —                                | 95               | (95)                 | —  | —  | —   | —                           | —          |
| Equity transactions with noncontrolling interests and other<br>(Note 18) ..... | —                             | —               | 60                               | —                | —                    | —  | —  | 60  | 24,861                      | 24,921     |
| Gains on disposal of treasury stock .....                                      | —                             | —               | 0                                | —                | —                    | —  | 0  | 0   | —                           | 0          |
| Net changes in treasury stock .....  | —                             | —               | —                                | —                | —                    | —  | (29,788)                                   | (29,788)  | —                           | (29,788)   |
| Balance, March 31, 2023 .....  | 466,599,796                   | 66,427          | 63,082                           | 11,067           | 1,212,269            | 23,585   | (109,225)                                  | 1,267,205   | 168,287                     | 1,435,492  |
| Comprehensive income:  |                               |                 |                                  |                  |                      |  |  |   |                             |            |
| Net income .....   | —                             | —               | —                                | —                | 125,884              | —  | —  | 125,884   | 16,595                      | 142,479    |
| Other comprehensive income (loss), net of tax (Note 18):                       |                               |                 |                                  |                  |                      |  |  |   |                             |            |
| Unrealized gains on securities .....   | —                             | —               | —                                | —                | —                    | 1,388  | —  | 1,388   | —                           | 1,388      |
| Pension liability adjustments .....  | —                             | —               | —                                | —                | —                    | 6,152  | —  | 6,152   | 878                         | 7,030      |
| Foreign currency translation adjustments .....                                 | —                             | —               | —                                | —                | —                    | 11,341   | —  | 11,341  | 1,039                       | 12,380     |
| Total comprehensive income .....   |                               |                 |                                  |                  |                      |  |  | 144,765   | 18,512                      | 163,277    |
| Issuance of new stocks .....   | —                             | —               | —                                | —                | —                    | —  | —  | —   | —                           | —          |
| Cash dividends paid to SECOM CO., LTD. shareholders .....                      | —                             | —               | —                                | —                | (40,483)             | —  | —  | (40,483)  | —                           | (40,483)   |
| Cash dividends paid to noncontrolling interests .....                          | —                             | —               | —                                | —                | —                    | —  | —  | —   | (2,864)                     | (2,864)    |
| Transfer to legal reserve .....  | —                             | —               | —                                | 211              | (211)                | —  | —  | —   | —                           | —          |
| Equity transactions with noncontrolling interests and other<br>(Note 18) ..... | —                             | —               | (3,257)                          | —                | —                    | —  | —  | (3,257)   | 2,367                       | (890)      |
| Gains on disposal of treasury stock .....                                      | —                             | —               | 1,551                            | —                | —                    | —  | 3,248                                      | 4,799   | —                           | 4,799      |
| Net changes in treasury stock .....  | —                             | —               | —                                | —                | —                    | —  | (44,002)                                   | (44,002)  | —                           | (44,002)   |
| Balance, March 31, 2024 .....  | 466,599,796                   | 66,427          | 61,376                           | 11,278           | 1,297,459            | 42,466   | (149,979)                                  | 1,329,027   | 186,302                     | 1,515,329  |
| Comprehensive income:  |                               |                 |                                  |                  |                      |  |  |   |                             |            |
| Net income .....   | —                             | —               | —                                | —                | 101,068              | —  | —  | 101,068   | 14,357                      | 115,425    |
| Other comprehensive income (loss), net of tax (Note 18):                       |                               |                 |                                  |                  |                      |  |  |   |                             |            |
| Unrealized gains on securities .....   | —                             | —               | —                                | —                | —                    | 127  | —  | 127   | —                           | 127        |
| Pension liability adjustments .....  | —                             | —               | —                                | —                | —                    | (1,673)  | —  | (1,673)   | 411                         | (1,262)    |
| Foreign currency translation adjustments .....                                 | —                             | —               | —                                | —                | —                    | 15,098   | —  | 15,098  | 1,894                       | 16,992     |
| Total comprehensive income .....   |                               |                 |                                  |                  |                      |  |  | 114,620   | 16,662                      | 131,282    |
| Issuance of new stocks .....   | —                             | —               | —                                | —                | —                    | —  | —  | —   | —                           | —          |
| Cash dividends paid to SECOM CO., LTD. shareholders .....                      | —                             | —               | —                                | —                | (39,698)             | —  | —  | (39,698)  | —                           | (39,698)   |
| Cash dividends paid to noncontrolling interests .....                          | —                             | —               | —                                | —                | —                    | —  | —  | —   | (3,114)                     | (3,114)    |
| Transfer to legal reserve .....  | —                             | —               | —                                | 174              | (174)                | —  | —  | —   | —                           | —          |
| Equity transactions with noncontrolling interests and other<br>(Note 18) ..... | —                             | —               | (7,316)                          | —                | —                    | —  | —  | (7,316)   | (5,604)                     | (12,920)   |
| Gains on disposal of treasury stock .....                                      | —                             | —               | 1,815                            | —                | —                    | —  | 3,276                                      | 5,091   | —                           | 5,091      |
| Net changes in treasury stock .....  | —                             | —               | —                                | —                | —                    | —  | (30,013)                                   | (30,013)  | —                           | (30,013)   |
| Balance, March 31, 2025 .....  | 466,599,796                   | ¥66,427         | ¥55,875                          | ¥11,452          | ¥1,358,655           | ¥56,018  | (¥176,716)                                 | ¥1,371,711  | ¥194,246                    | ¥1,565,957 |

|  | Translation into thousands of U.S. dollars (Note 3) |                                  |                  |                      |  |  |   |                             |              |
|--|---|----------------------------------|------------------|----------------------|--|--|---|-----------------------------|--------------|
|  | Common<br>stock                                     | Additional<br>paid-in<br>capital | Legal<br>reserve | Retained<br>earnings | Accumulated<br>other com-<br>prehensive<br>income (loss) | Common<br>stock in<br>treasury,<br>at cost | Total<br>SECOM CO., LTD.<br>shareholders'<br>equity | Noncontrolling<br>interests | Total        |
|  |   |                                  |                  |                      |  |  |   |                             |              |
| Balance, March 31, 2024 .....  | \$442,847   | \$409,173                        | \$75,187         | \$8,649,727          | \$283,107  | (\$ 999,860)                               | \$8,860,181   | \$1,242,013                 | \$10,102,194 |
| Comprehensive income:  |   |                                  |                  |                      |  |  |   |                             |              |
| Net income .....   | —   | —                                | —                | 673,787              | —  | —  | 673,787   | 95,713                      | 769,500      |
| Other comprehensive income (loss), net of tax (Note 18):                       |   |                                  |                  |                      |  |  |   |                             |              |
| Unrealized gains on securities .....   | —   | —                                | —                | —                    | 847  | —  | 847   | —                           | 847          |
| Pension liability adjustments .....  | —   | —                                | —                | —                    | (11,153)   | —  | (11,153)  | 2,740                       | (8,413)      |
| Foreign currency translation adjustments .....                                 | —   | —                                | —                | —                    | 100,652  | —  | 100,652   | 12,627                      | 113,279      |
| Total comprehensive income .....   |   |                                  |                  |                      |  |  | 764,133   | 111,080                     | 875,213      |
| Issuance of new stocks .....   | —   | —                                | —                | —                    | —  | —  | —   | —                           | —            |
| Cash dividends paid to SECOM CO., LTD. shareholders .....                      | —   | —                                | —                | (264,654)            | —  | —  | (264,654)   | —                           | (264,654)    |
| Cash dividends paid to noncontrolling interests .....                          | —   | —                                | —                | —                    | —  | —  | —   | (20,760)                    | (20,760)     |
| Transfer to legal reserve .....  | —   | —                                | 1,160            | (1,160)              | —  | —  | —   | —                           | —            |
| Equity transactions with noncontrolling interests and other<br>(Note 18) ..... | —   | (48,773)                         | —                | —                    | —  | —  | (48,773)  | (37,360)                    | (86,133)     |
| Gains on disposal of treasury stock .....                                      | —   | 12,100                           | —                | —                    | —  | 21,840                                     | 33,940  | —                           | 33,940       |
| Net changes in treasury stock .....  | —   | —                                | —                | —                    | —  | (200,087)                                  | (200,087)   | —                           | (200,087)    |
| Balance, March 31, 2025 .....  | \$442,847   | \$372,500                        | \$76,347         | \$9,057,700          | \$373,453  | (\$1,178,107)                              | \$9,144,740   | \$1,294,973                 | \$10,439,713 |

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

SECOM CO., LTD. and Subsidiaries  
Three years ended March 31, 2025

|   | In millions of yen   |           |          | Translation into thousands<br>of U.S. dollars (Note 3) |
|---|----------------------|-----------|----------|--|
|   | Years ended March 31 |           |          | Year ended March 31                                    |
|   | 2025                 | 2024      | 2023     | 2025   |
| <b>Cash flows from operating activities:</b>  |                      |           |          |  |
| Net income .....  | <b>¥115,425</b>      | ¥142,479  | ¥121,696 | <b>\$ 769,500</b>                                      |
| Adjustments to reconcile net income to net cash provided by operating activities—     |                      |           |          |  |
| Depreciation and amortization, including amortization of deferred charges             |                      |           |          |  |
| (Notes 2 (11), 2 (13) and 12).....  | <b>85,264</b>        | 81,014    | 78,718   | <b>568,427</b>   |
| Accrual for pension and severance costs, less payments .....                          | <b>(4,879)</b>       | (4,592)   | (2,661)  | <b>(32,527)</b>  |
| Deferred income taxes, including discontinued operations .....                        | <b>(1,172)</b>       | 10,107    | 3,584    | <b>(7,814)</b>   |
| Gain and loss on sales and disposal of fixed assets, net.....                         | <b>(707)</b>         | 496       | (173)    | <b>(4,713)</b>   |
| Impairment loss on long-lived assets (Note 11).....                                   | <b>3,666</b>         | 4,428     | 2,647    | <b>24,440</b>  |
| Gain and loss on private equity investments (Note 22) .....                           | <b>(17,534)</b>      | (18,221)  | (11,792) | <b>(116,893)</b>                                       |
| Impairment loss on goodwill (Note 12) .....   | <b>—</b>             | 4,404     | 1,456    | <b>—</b>   |
| Gain on sales of securities, net (Notes 7 and 14) .....                               | <b>(215)</b>         | (1,393)   | (2,713)  | <b>(1,433)</b>   |
| Loss on other-than-temporary impairment of investment securities                      |                      |           |          |  |
| (Notes 14 and 22).....  | <b>2,975</b>         | (26,642)  | (2,609)  | <b>19,833</b>  |
| Equity in net income of affiliated companies.....                                     | <b>(8,315)</b>       | (9,980)   | (8,152)  | <b>(55,433)</b>  |
| Changes in assets and liabilities, net of effects from acquisitions and disposals:    |                      |           |          |  |
| (Increase) decrease in cash deposits for armored car services .....                   | <b>(2,438)</b>       | (3,102)   | 1,060    | <b>(16,253)</b>  |
| (Increase) decrease in receivables and due from subscribers, net of allowances .....  | <b>(5,743)</b>       | (10,575)  | (3,797)  | <b>(38,287)</b>  |
| (Increase) decrease in inventories.....   | <b>827</b>           | (7,112)   | (8,960)  | <b>5,513</b>   |
| Increase in deferred charges .....  | <b>(9,707)</b>       | (9,024)   | (8,026)  | <b>(64,713)</b>  |
| Increase (decrease) in notes and accounts payable .....                               | <b>(3,867)</b>       | 600       | 2,117    | <b>(25,780)</b>  |
| Increase (decrease) in deposits received .....  | <b>(3,971)</b>       | 7,431     | (99)     | <b>(26,473)</b>  |
| Increase (decrease) in deferred revenue.....  | <b>1,595</b>         | (738)     | (1,148)  | <b>10,633</b>  |
| Increase (decrease) in accrued income taxes.....                                      | <b>(944)</b>         | 3,428     | (4,015)  | <b>(6,293)</b>   |
| Increase (decrease) in guarantee deposits received.....                               | <b>251</b>           | (61)      | (136)    | <b>1,673</b>   |
| Increase (decrease) in unearned premiums and other insurance liabilities .....        | <b>231</b>           | (1,119)   | (3,980)  | <b>1,540</b>   |
| Increase (decrease) in accrued consumption tax .....                                  | <b>(1,983)</b>       | 3,160     | (1,376)  | <b>(13,220)</b>  |
| Other, net .....  | <b>27,606</b>        | 14,886    | 4,568    | <b>184,040</b>   |
| Net cash provided by operating activities .....                                       | <b>176,365</b>       | 179,874   | 156,209  | <b>1,175,767</b>                                       |
| <b>Cash flows from investing activities:</b>  |                      |           |          |  |
| (Increase) decrease in time deposits .....  | <b>(12,783)</b>      | (14,778)  | (173)    | <b>(85,220)</b>  |
| Proceeds from sales of property, plant and equipment .....                            | <b>6,328</b>         | 3,757     | 6,514    | <b>42,187</b>  |
| Payments for purchases of property, plant and equipment.....                          | <b>(79,905)</b>      | (85,552)  | (52,846) | <b>(532,700)</b>                                       |
| Payments for purchases of intangible assets .....                                     | <b>(17,880)</b>      | (13,843)  | (12,004) | <b>(119,200)</b>                                       |
| Proceeds from sales and redemptions of investment securities (Note 7).....            | <b>21,639</b>        | 34,075    | 53,331   | <b>144,260</b>   |
| Payments for purchases of investment securities .....                                 | <b>(16,776)</b>      | (93,943)  | (48,829) | <b>(111,840)</b>                                       |
| (Increase) decrease in short-term investments .....                                   | <b>(4,000)</b>       | 2,731     | (2,554)  | <b>(26,667)</b>  |
| Proceeds from sale of subsidiaries, net of cash and cash equivalents disposed of..... | <b>(14)</b>          | —         | (156)    | <b>(93)</b>  |
| Acquisitions, net of cash acquired (Note 4) .....                                     | <b>(637)</b>         | —         | (18,929) | <b>(4,247)</b>   |
| (Increase) decrease in short-term receivables, net.....                               | <b>(8)</b>           | (40)      | (187)    | <b>(53)</b>  |
| Payments for long-term receivables.....   | <b>(1,488)</b>       | (479)     | (737)    | <b>(9,920)</b>   |
| Proceeds from long-term receivables.....  | <b>1,001</b>         | 794       | 1,509    | <b>6,673</b>   |
| Other, net.....   | <b>(323)</b>         | (1,751)   | (2,264)  | <b>(2,153)</b>   |
| Net cash used in investing activities.....  | <b>(104,846)</b>     | (169,029) | (77,325) | <b>(698,973)</b>                                       |
| <b>Cash flows from financing activities:</b>  |                      |           |          |  |
| Proceeds from long-term debt.....   | <b>2,617</b>         | 1,100     | 2,837    | <b>17,447</b>  |
| Repayments of long-term debt .....  | <b>(12,337)</b>      | (15,074)  | (16,701) | <b>(82,247)</b>  |
| Increase (decrease) in bank loans, net .....  | <b>4,117</b>         | (914)     | (1,275)  | <b>27,447</b>  |
| Increase (decrease) in investment deposits by policyholders.....                      | <b>(2,367)</b>       | (2,559)   | (2,603)  | <b>(15,780)</b>  |
| Dividends paid to SECOM CO., LTD. shareholders.....                                   | <b>(39,698)</b>      | (40,483)  | (39,060) | <b>(264,654)</b>                                       |
| Dividends paid to noncontrolling interests.....                                       | <b>(3,114)</b>       | (2,864)   | (3,427)  | <b>(20,760)</b>  |
| Payments for acquisition of shares of consolidated subsidiaries from noncontrolling   |                      |           |          |  |
| interest holders .....  | <b>(10,284)</b>      | (611)     | (38)     | <b>(68,560)</b>  |
| Increase in treasury stock, net.....  | <b>(30,012)</b>      | (44,002)  | (29,788) | <b>(200,080)</b>                                       |
| Other, net.....   | <b>31</b>            | 2,933     | 2,847    | <b>207</b>   |
| Net cash used in financing activities .....   | <b>(91,047)</b>      | (102,474) | (87,208) | <b>(606,980)</b>                                       |
| <b>Effect of exchange rate changes on cash and cash equivalents.....</b>              | <b>2,433</b>         | 2,580     | 1,546    | <b>16,220</b>  |
| <b>Net increase in cash and cash equivalents .....</b>                                | <b>(17,095)</b>      | (89,049)  | (6,778)  | <b>(113,966)</b>                                       |
| <b>Cash and cash equivalents at beginning of year .....</b>                           | <b>435,728</b>       | 524,777   | 531,555  | <b>2,904,853</b>                                       |
| <b>Cash and cash equivalents at end of year.....</b>                                  | <b>¥418,633</b>      | ¥435,728  | ¥524,777 | <b>\$2,790,887</b>                                     |

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

SECOM CO., LTD. and Subsidiaries  
Three years ended March 31, 2025

1. Nature of Operations

The parent company and its subsidiaries (collectively “the Company”) are engaged in the businesses of security services, fire protection services, medical services, insurance services, geospatial information services, BPO and ICT services, and other services. With these services combined, the Company is focusing on the establishment of a Social System Industry, a network of integrated services and systems, targeted at the needs of people and business.

The Company’s principal business activities are security services, including on-line security systems for commercial and residential premises, static guard services, armored car services for cash collec- tion and deposit and sales of security merchandise. The Company has also been diversifying its services covering: fire protection services, including automatic fire alarm systems and fire extinguishing systems; medical services, including home and other medical services and the operations of variable interest entities of which the Company is the pri- mary beneficiary through managing hospitals and health care-related institutions; non-life insurance services; geospatial information ser- vices using geospatial information systems (GIS) and surveying and measuring technology; BPO and ICT services, including data center services, business continuity plan support, information security ser- vices and cloud-based services; as well as Business Process Outsourcing (“BPO”) related services; other services, including lease of real estate, construction and installation services and other services.

2. Significant Accounting Policies

The parent company and its Japanese subsidiaries maintain their records and prepare their statutory financial statements in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”). Certain adjustments and reclassifications have been incorpo- rated in the accompanying financial statements to conform with U.S. generally accepted accounting principles (“U.S. GAAP”). These adjustments were not recorded in the statutory books of account.

Significant accounting policies used in the preparation of the accompanying consolidated financial statements are summarized below:

(1) Basis of Consolidation and Investments in Affiliated Companies

The consolidated financial statements include the accounts of the parent company and those of its majority-owned subsidiaries. All sig- nificant intercompany transactions and balances have been eliminated in consolidation.

Investments in companies in which the ability to exercise significant influence exists (generally 20 to 50 percent owned companies), are accounted for under the equity method. Consolidated income includes the Company’s current equity in the net income of affiliated companies, after elimination of intercompany profits.

(2) Consolidation of Variable Interest Entities

The consolidated financial statements also include variable interest entities (“VIEs”) of which the Company is the primary beneficiary.

The Accounting Standards Codification (“ASC”) 810, “Consolidation,” issued by the Financial Accounting Standards Board (“FASB”) requires the reporting entity to consolidate a variable interest entity (“VIE”) as its primary beneficiary when it is deemed to have a controlling financial interest in a VIE, meeting both of the following characteristics:

- The power to direct activities of a VIE that most significantly impact the VIE’s economic performance.
- The obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE.

The Company provides investments, loans and guarantees to organizations managing hospitals and health care-related institutions, to a company holding real estate, and to a PFI (Private Finance Initiative) organization which was established to build, maintain and operate correctional facilities. Certain of these organizations are considered VIEs under ASC 810.

Total assets and liabilities held by VIEs of which the Company is the primary beneficiary were ¥77,337 million (\$515,580 thousand) and ¥80,182 million (\$534,547 thousand), respectively, at March 31, 2025, and ¥81,073 million and ¥80,016 million, respectively, at March 31, 2024. The creditors of VIEs do not have recourse to the Company’s gen- eral credit with the exception of debts guaranteed by the Company. Total assets and liabilities held by VIEs of which the Company holds significant variable interests but is not the primary beneficiary were ¥3,756 million (\$25,040 thousand) and ¥854 million (\$5,693 thousand), respectively, at March 31, 2025, and ¥4,945 million and ¥1,640 million, respectively, at March 31, 2024. The Company’s assets in the consoli- dated balance sheets and the Company’s maximum exposure to losses related to VIEs at March 31, 2025 and 2024 were ¥1,127 million (\$7,513 thousand) and ¥1,269 million, respectively.

(3) Revenue Recognition

The Company recognizes revenue based on the following five steps in accordance with ASC 606, “Revenue from Contracts with Customers.”

- Step 1: Identify the contract with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Company generates revenue principally through the sales of merchandise and services in the areas of security services, fire protec- tion services, medical services, insurance services, geospatial informa- tion services, BPO and ICT services, and other services under separate contractual arrangements.

Revenue from term service contracts, including security services, is recognized over the contractual period or, in the case of specific ser- vices, when such services are rendered. Subscribers are generally requested to prepay a portion of service charges, especially for secu- rity services, which are credited to deferred revenue and recognized in income ratably over the covered service period. Revenue from the installation of security equipment used to provide on-line centralized security services is deferred and recognized over the contractual period of security services after completion of the installation. The related installation costs are also deferred and amortized over the contractual period (Note 2 (13)).

The Company enters into arrangements with multiple elements, which may include any combination of security equipment, installation and security services. The Company allocates revenue to each element based on its relative fair value if such element meets criteria for treat- ment as a separate unit of accounting as prescribed in ASC 606, “Revenue from Contracts with Customers.” Otherwise, revenue is deferred until the undelivered elements are fulfilled as a single unit of accounting.

Revenue from sales of merchandise and software is recognized when the merchandise and software are received by the customer and, in the case of installations, when such installations are completed.

Revenue from construction contracts is recognized on the basis of the progress of the performance obligation, which is mainly measured by input methods based on costs incurred.



Excluding the aforementioned policy, the policies as specifically described hereinafter are applied for each of revenue items.

Property and casualty insurance premiums are earned ratably over the terms of the related insurance contracts. Unearned premiums are earned ratably over the terms of the unexpired portion of premiums written.

Revenue from sales of equipment under sales-type leases is recognized at the inception of the lease. Unearned income on sales-type leases and direct-financing leases is recognized over the life of each respective lease using the interest method. Leases not qualifying as sales-type leases or direct-financing leases are accounted for as operating leases and the related revenue is recognized over the lease term.

Taxes collected from customers and remitted to governmental authorities on revenue-producing transactions are accounted for on a net basis and therefore are excluded from net sales and operating revenue in the consolidated statements of income.

**(4) Foreign Currency Translation**

All asset and liability accounts of foreign subsidiaries and affiliates are translated into Japanese yen at the rates of exchange in effect at year-end and all income and expense accounts are translated at average rates of exchange during the year. The resulting translation adjustments are accumulated and reported as part of other comprehensive income (loss).

Foreign currency receivables and payables of the Company are translated into yen at the rate in effect at the balance sheet date and the resulting translation gains and losses are credited or charged to foreign currency income/expenses for the year.

**(5) Cash Equivalents**

For the purpose of the consolidated statements of cash flows, the Company considers all highly liquid investments purchased with initial maturities of three months or less to be cash equivalents.

**(6) Investments in Debt and Equity Securities**

The Company classifies investments in debt and equity securities as “available-for-sale” or “held-to-maturity.” The Company has no securities classified as “trading.” “Held-to-maturity” securities are those securities in which the Company has the ability and intent to hold the security until maturity. All securities not included in “trading” or “held-to-maturity” are classified as “available-for-sale” securities. Marketable equity securities classified as “available-for-sale” are measured at fair value with unrealized gains and losses included in income. Marketable debt securities classified as “available-for-sale” are measured at fair value, and unrealized holding gains and losses are reported as part of accumulated other comprehensive income (loss), net of tax. Debt securities classified as “held-to-maturity” are reported at amortized cost.

A decline in the fair value of any marketable debt securities classified as “available-for-sale” below cost that is deemed to be other-than-temporary results in a reduction in the carrying amount to fair value. The impairment is charged to income and a new cost basis for the securities is established. To determine whether an impairment is other-than-temporary, the Company considers the length of time and extent to which the market value of the security has been less than its original cost, the financial condition, other specific factors affecting the market value, deterioration of the credit condition of the issuers, and whether or not the Company is able to retain the investment for a period of time sufficient to allow for the anticipated recovery in market value.

Realized gain or losses on the sale of marketable debt securities classified as “available-for-sale” are based on the moving-average cost method and are credited or charged to income.

Other investments in non-public companies, except for private equity investments, are recorded at cost as fair value is not readily determinable. The Company periodically evaluates the values of other investments in non-public companies for possible impairment by taking into consideration the financial and operating conditions of the issuer, the general market conditions in the issuer’s industry and the period of the decline in the estimated fair value and other relevant factors. If the impairment is determined to be other-than-temporary, other investments in non-public companies are written down to their impaired value through a charge to income.

**(7) Private Equity Investments**

The Company accounts for private equity investments in accordance with ASC 946, “Financial Services—Investment Companies,” in which investments are accounted for at fair value based on the Company’s assessment of each underlying investment. The investments, by their nature, have little or no price transparency.

Investments are initially carried at cost as an approximation of fair value. Adjustments to carrying value are made if there is evidence of a change in fair value. Downward adjustments are also made, in the absence of third-party transactions, if it is determined that the expected realizable value of the investment has declined below the carrying value.

The carrying value of private equity investments was ¥68,454 million (\$456,360 thousand) and ¥50,902 million at March 31, 2025 and 2024, respectively.

Private equity investments are included in investment securities in the consolidated balance sheets.

**(8) Inventories**

Inventories, consisting of security-related products, fire protection-related products, real estate and other related products, are stated at the lower of cost and net realizable value. Cost is determined, in the case of real estate, based on the specific identification method and, in the case of other inventories, primarily using the moving-average method.

**(9) Allowance for Credit Losses**

The allowance for credit losses on financing receivables is based on an estimate of all credit losses expected to be incurred in the future over the remaining life of the receivables.

In recording allowance for credit losses, the Company manages credit quality collectively and for individually evaluated receivables, and collectively and individually evaluates financial assets based on historical credit loss experience and reasonable and supportable projections, including the financial condition of borrowers and delinquent payments.

**(10) Deferred Insurance Acquisition Costs**

Costs that vary with and are primarily related to acquiring new insurance policies are deferred and amortized principally over the premium-paying period of the related insurance policies applying a percentage relationship of cost incurred to premiums from contracts issued to applicable unearned premiums throughout the period of the contract.

**(11) Property, Plant and Equipment and Depreciation**

Property, plant and equipment, including significant leasehold improvements, are carried at cost and depreciated at rates based on the estimated useful lives of the assets. Depreciation is computed using the straight-line method for assets other than security equipment and control stations. Security equipment and control stations are depreciated using the declining-balance method. Assets leased to others under operating leases are depreciated using the straight-line

method over the estimated useful lives. Depreciation expense was ¥63,326 million (\$422,173 thousand), ¥59,785 million and ¥58,211 million for the years ended March 31, 2025, 2024 and 2023, respectively. Maintenance, repairs and renewals are charged to income as incurred.

|  |  |                |
|--|--|----------------|
| The estimated useful lives of depreciable assets are as follows: |  |                |
| Buildings  |  | 33 to 50 years |
| Security equipment and control stations                          |  | 5 to 8 years   |
| Machinery, equipment and automobiles                             |  | 2 to 20 years  |

The Company recognizes asset retirement obligations if the fair value of the obligations can be reasonably estimated. Asset retirement obligations include those for which an entity has a legal obligation to perform an asset retirement activity, however, the timing and/or method of settling the obligation are conditional on a future event that may or may not be within the control of the entity.

Performance of a contractual asset retirement obligation is required for the building leased by a certain subsidiary when the lease matures and the Company returns the leased building to its owner. However, the Company plans not to relocate from the building and to continue to use it until it will be demolished without restoration. As such, the execution of such obligation is not expected. The Company evaluated all the available evidence as of March 31, 2025 and performed efforts to establish the best estimate. However, the scope and the amount of execution of the obligation cannot be reasonably estimated. Therefore, an asset retirement obligation for that building lease is not recognized.

**(12) Leases as lessee**

The Company recognizes a right of use asset and a lease liability at the lease commencement date, for finance leases and operating leases.

Some of the contracts include options to extend or to terminate the lease. The Company takes such options into consideration in order to determine the lease term when it is reasonably certain that it will exercise these options. The Company uses its incremental borrowing rate based on the information available at commencement to determine the present values of lease payments. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow.

**(13) Short-Term Deferred Charges and Long-Term Deferred Charges**

Short-term deferred charges and long-term deferred charges primarily consist of costs related to installation services of security equipment used to provide on-line security systems. The installation costs are deferred and amortized using the straight-line method over the contractual period of security services after completion of the installation. Amortization expense was ¥8,507 million (\$56,712 thousand), ¥8,831 million and ¥9,073 million for the years ended March 31, 2025, 2024 and 2023, respectively.

**(14) Impairment or Disposal of Long-Lived Assets**

In accordance with ASC 360, “Property, Plant and Equipment,” the Company reviews the carrying amount of its long-lived assets held and used, other than goodwill and intangible assets with indefinite lives, and assets to be disposed of, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Long-lived assets to be held and used are reviewed for impairment by comparing the carrying amount of the assets with their estimated future undiscounted cash flows. If it is determined that an impairment loss has occurred, the loss would be recognized during the period, and calculated as the difference between the assets’ carrying amount and the fair value. Long-lived assets that are to be disposed of other than by sale are considered held and used until they are disposed of. Long-lived assets that are to be disposed of by sale are reported at the lower

of their carrying amount or fair value less cost to sell. Reductions in the carrying amount are recognized in the period in which the long-lived assets are classified as held for sale.

**(15) Goodwill and Other Intangible Assets**

Goodwill represents the excess of costs over the fair value of assets of business acquired. Pursuant to ASC 350, “Intangibles—Goodwill and Other;” goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but instead tested for impairment at least annually. This accounting standard also requires that intangible assets with estimable useful lives be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with ASC 360. The Company conducts its annual impairment test each fiscal year.

**(16) Unearned Premiums and Other Insurance Liabilities**

Unearned premiums are related to unexpired periods of insurance contracts and are earned on a pro-rata basis over the remaining contract period. Other insurance liabilities consist principally of liabilities for unpaid claims and adjustment expenses, which are estimates of payments to be made on reported claims and incurred but not reported claims, which are computed based on past experience for unpaid losses.

**(17) Income Taxes**

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and operating loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences and carryforwards are expected to be realized or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized.

The Company recognizes in the consolidated financial statements the impact of a tax position, if any, based on the technical merits of the position, when that position is more likely than not to be sustained upon examination. The benefit of the tax position is measured at the largest amount of benefit that has greater than 50 percent likelihood of being realized upon settlement with the appropriate tax authority.

The Company recognizes interest and penalties accrued related to unrecognized tax benefits in income taxes in the consolidated statements of income.

**(18) Research and Development**

Research and development costs are charged to income as incurred. Research and development expenses included in selling, general and administrative expenses for the years ended March 31, 2025, 2024 and 2023 were ¥8,444 million (\$56,293 thousand), ¥7,816 million and ¥7,584 million, respectively.

**(19) Advertising Costs**

Advertising costs are charged to income as incurred, except for the costs related to insurance policies. Advertising costs for acquiring new insurance policies are deferred and amortized as part of insurance acquisition costs. Advertising expenses included in selling, general and administrative expenses for the years ended March 31, 2025, 2024 and 2023 were ¥5,325 million (\$35,500 thousand), ¥5,807 million and ¥5,884 million, respectively.

(20) Shipping and Handling Costs

Shipping and handling costs included in selling, general and administrative expenses for the years ended March 31, 2025, 2024 and 2023 were ¥1,287 million (\$8,580 thousand), ¥1,277 million and ¥1,349 million, respectively.

(21) Derivative Financial Instruments

The Company accounts for derivative financial instruments in accordance with ASC 815, "Derivatives and Hedging." The Company recognizes all derivative financial instruments in the consolidated financial statements at fair value regardless of the purpose or intent for holding them. Changes in the fair value of derivative financial instruments are either recognized periodically in income or in equity as a component of accumulated other comprehensive income (loss) depending on whether the derivative financial instruments qualify for hedge accounting, and if so, whether they qualify as a fair value hedge or a cash flow hedge. Changes in the fair values of derivative financial instruments accounted for as a fair value hedge are recorded in income along with the portion of the change in the fair value of the hedged item that relates to the hedged risk. Changes in the fair value of derivative financial instruments accounted for as a cash flow hedge, to the extent it is effective as a hedge, are recorded in accumulated other comprehensive income (loss), net of tax. Changes in the fair value of derivative financial instruments not qualifying as a hedge are reported in income.

The Company meets the documentation requirements necessary for effective hedges which include the risk management objective and strategy for undertaking various hedge transactions. In addition, formal assessment is made at inception of the hedge and periodically on an on-going basis, as to whether the derivatives used in hedging activities are highly effective in offsetting changes in fair values or cash flows of hedged items. Hedge accounting is discontinued for ineffective hedges, if any. Changes in fair value of discontinued hedges are recognized in income.

(22) Per Share Data

Basic Earnings per Share ("EPS") is computed based on the average number of shares of common stock outstanding for the period. The Company implemented a 2 for 1 common stock split on October 1, 2024. On the assumption that the stock split was implemented at the beginning of the fiscal year ended March 31, 2023, the average number of shares of common stock outstanding for the years ended March 31, 2025, 2024 and 2023 was 415,861 thousand shares, 423,003 thousand shares and 431,831 thousand shares, respectively. There were no potentially dilutive shares outstanding during the years ended March 31, 2025, 2024 or 2023.

Cash dividends per share shown in the accompanying consolidated statements of income are computed based on dividends approved and paid in each fiscal year.

(23) Use of Estimates

The preparation of the consolidated financial statements requires management of the Company to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the carrying amounts of inventories, deferred insurance acquisition costs, investment securities, other investments,

property, plant and equipment, goodwill, other intangible assets, unearned premiums and other insurance liabilities, valuation of receivables, valuation allowances for deferred income taxes, valuation of derivative instruments, assets and obligations related to employee benefits, asset retirement obligations, income tax uncertainties, and other contingencies.

(24) Recent Pronouncements

In August 2018, the FASB issued Accounting Standards Update (ASU) No. 2018-12, "Targeted Improvements to the Accounting for Long-Duration Contracts." This accounting standard changes the recognition, measurement, presentation and disclosure requirements for long duration contracts. This accounting standard was originally planned to be effective for fiscal years beginning after December 15, 2020, however, in November 2019, the FASB issued ASU No. 2019-09, "Effective Dates," which defers the effective date of ASU No. 2018-12 for public entities excluding Securities and Exchange Commission (SEC) filers for three years. In addition, in December 2022, the FASB issued ASU No. 2022-05, "Transition for Sold Contracts," which amended some of ASU No. 2018-12. ASU No. 2022-05 is effective for fiscal years beginning after December 15, 2024, and interim periods within fiscal years beginning after December 15, 2025, and will be adopted by the Company in the fiscal year beginning April 1, 2025. The Company is currently evaluating the impact of adopting this accounting standard on its consolidated financial statements.

In November 2024, the FASB issued Accounting Standards Update (ASU) No. 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosure. This accounting standard requires public business entities to disclose, in a tabular format, disaggregated amounts of certain expense categories presented in the income statement, including purchases of inventory, employee compensation, depreciation, intangible assets amortization, and depletion. Additionally, entities are required to include certain expenses that are already subject to existing disclosure requirements within the same table as part of the relevant expense line items. For any remaining amounts that are not required to be disaggregated quantitatively, a qualitative description must be provided. Furthermore, the standard requires disclosure of the total amount of selling expenses and, for annual reporting periods, the entity's definition of selling expenses. The amendments are effective for fiscal years beginning after December 15, 2026, and for interim periods within fiscal years beginning after December 15, 2027. The Company is currently evaluating the impact of adopting this standard on its disclosures.

(25) Discontinued Operations

ASC 205-20, "Discontinued Operations," requires the operating results of any component of an entity with its own identifiable operations and cash flows which is disposed of or is classified as held for sale, and with which the Company will not have significant continuing involvement to be reported in discontinued operations.

3. U.S. Dollar Amounts

U.S. dollar amounts have been included in these financial statements solely for the convenience of the reader. The translations of yen into U.S. dollars have been made at the rate of ¥150=US\$1, the approximate rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2025. These translations should not be construed as representing that the yen amounts actually constitute, or have been or could be converted into U.S. dollars at that rate.

4. Acquisitions

Acquisition of SENON LIMITED

On July 1, 2022, the Company acquired 55.1% of common shares outstanding of SENON LIMITED for ¥27,000 million in cash. The purpose of this acquisition is to expand the business as a total security company through providing more customers with higher quality and optimized security services by combining SENON's wide range of security services nationwide with SECOM's technological advantages and expertise.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition.

|   | In millions of yen |
|---|--------------------|
| Cash and cash equivalents.....              | ¥ 8,263            |
| Due from subscribers .....                  | 3,991              |
| Other current assets.....                   | 620                |
| Property, plant and equipment.....          | 4,305              |
| Intangible assets, including goodwill ..... | 40,276             |
| Other assets .....                          | 5,572              |
| Total assets acquired.....                  | 63,027             |
| Current liabilities .....                   | 8,348              |
| Long-term liabilities .....                 | 5,563              |
| Total liabilities assumed .....             | 13,911             |
| Noncontrolling interests.....               | 22,116             |
| Net assets acquired .....                   | ¥27,000            |

Intangible assets of ¥7,737 million subject to amortization include customer relationships of ¥7,685 million with a useful life ranging from 10 to 15 years. Goodwill of ¥32,539 million represents expected excess earnings power based on the future business operations. It is not deductible for tax purposes and has been assigned to the security services segment, and the real estate and other services segment.

The Company recorded acquisition costs of ¥63 million related to this acquisition in selling, general and administrative expenses for the year ended March 31, 2023.

The following unaudited pro forma information shows the Company's consolidated results of operations for the year ended March 31, 2023 as if the newly consolidated subsidiaries acquired in the year ended March 31, 2023, were consolidated on April 1, 2021.

|   | In millions of yen     |
|---|------------------------|
|   | Year ended<br>March 31 |
| Unaudited   | 2023                   |
| Pro forma net sales and operating revenue .....           | ¥1,236,730             |
| Pro forma net income attributable to SECOM Co., Ltd. .... | 111,711                |

|   | In yen                 |
|---|------------------------|
|   | Year ended<br>March 31 |
| Unaudited   | 2023                   |
| Pro forma net income attributable to SECOM Co., Ltd.<br>per share ..... | ¥517.39                |

The unaudited pro forma data is not necessarily indicative of the Company's consolidated results of operations that would actually have been reported if the transaction in fact had occurred on April 1, 2021, and is not necessarily representative of the Company's consolidated results of operations for any future period.

5. Cash and Cash Equivalents

Cash and cash equivalents at March 31, 2025 and 2024 comprise the following:

|                            | In millions of yen |          | In thousands of<br>U.S. dollars |
|----------------------------|--------------------|----------|---------------------------------|
|                            | March 31           |          | March 31                        |
|                            | 2025               | 2024     | 2025                            |
| Cash .....                 | ¥367,374           | ¥416,263 | \$2,449,160                     |
| Time deposits.....         | 13,570             | 12,187   | 90,467                          |
| Call loan .....            | 28,000             | —        | 186,667                         |
| Investment securities..... | 9,689              | 7,278    | 64,593                          |
|                            | ¥418,633           | ¥435,728 | \$2,790,887                     |

Investment securities include negotiable certificates of deposit and money management funds. These agreements mature within three months and their carrying values approximate fair value. The Company has not experienced any losses through default of the financial institutions and does not anticipate default of any outstanding agreements.

6. Cash Deposits for Armored Car Services

The Company operates cash collection and deposit services for financial institutions relating to cash dispensers located outside of financial institution facilities and also operates cash collection and delivery services for entities other than financial institutions. Cash deposit for armored car services balances are segregated from cash and cash equivalents and are restricted as to use by the Company. The Company funds most of the cash for such operations through bank overdrafts and deposits. Bank loans and deposits received, which relate to these operations, were ¥19,980 million (\$133,200 thousand) and ¥121,062 million (\$807,080 thousand), respectively, at March 31, 2025, and ¥15,091 million and ¥123,521 million, respectively, at March 31, 2024. As part of its fee arrangement, the Company is reimbursed for the interest cost of the related overdrafts.

7. Short-Term Investments and Investment Securities

Short-term investments (current) and investment securities (noncurrent) include debt and equity securities. The related aggregate fair value, gross unrealized gains, gross unrealized losses and costs pertaining to "available-for-sale" and "held-to-maturity" investments at March 31, 2025 and 2024 are as follows:

|                         | In millions of yen |       |        |            |
|-------------------------|--------------------|-------|--------|------------|
|                         | March 31, 2025     |       |        |            |
|                         | Gross unrealized   |       |        |            |
|                         | Cost               | Gains | Losses | Fair value |
| Short-term investments: |                    |       |        |            |
| Available-for-sale:     |                    |       |        |            |
| Debt securities .....   | ¥ 25,112           | ¥ 273 | ¥ 212  | ¥ 25,173   |
| Held-to-maturity:       |                    |       |        |            |
| Debt securities .....   | —                  | —     | —      | —          |
|                         | ¥ 25,112           | ¥ 273 | ¥ 212  | ¥ 25,173   |

|                        |          |        |        |          |
|------------------------|----------|--------|--------|----------|
| Investment securities: |          |        |        |          |
| Available-for-sale:    |          |        |        |          |
| Debt securities .....  | ¥100,485 | ¥2,330 | ¥1,964 | ¥100,851 |
| Held-to-maturity:      |          |        |        |          |
| Debt securities .....  | 11,662   | 1      | 300    | 11,363   |
|                        | ¥112,147 | ¥2,331 | ¥2,264 | ¥112,214 |

|                         | In millions of yen |                  |        |            |
|-------------------------|--------------------|------------------|--------|------------|
|                         | March 31, 2024     |                  |        |            |
|                         | Cost               | Gross unrealized |        | Fair value |
|                         |                    | Gains            | Losses |            |
| Short-term investments: |                    |                  |        |            |
| Available-for-sale:     |                    |                  |        |            |
| Debt securities .....   | ¥ 12,348           | ¥ 3              | ¥ 126  | ¥ 12,225   |
| Held-to-maturity:       |                    |                  |        |            |
| Debt securities .....   | 149                | —                | 2      | 147        |
|                         | ¥ 12,497           | ¥ 3              | ¥ 128  | ¥ 12,372   |

|                        |          |        |        |          |
|------------------------|----------|--------|--------|----------|
| Investment securities: |          |        |        |          |
| Available-for-sale:    |          |        |        |          |
| Debt securities .....  | ¥113,356 | ¥2,642 | ¥2,292 | ¥113,706 |
| Held-to-maturity:      |          |        |        |          |
| Debt securities .....  | 11,569   | 499    | 202    | 11,866   |
|                        | ¥124,925 | ¥3,141 | ¥2,494 | ¥125,572 |

|  | In thousands of U.S. dollars |                  |        |            |
|--|------------------------------|------------------|--------|------------|
|  | March 31, 2025               |                  |        |            |
|  | Cost                         | Gross unrealized |        | Fair value |
|  |                              | Gains            | Losses |            |

|                         |                  |                 |                 |                  |
|-------------------------|------------------|-----------------|-----------------|------------------|
| Short-term investments: |                  |                 |                 |                  |
| Available-for-sale:     |                  |                 |                 |                  |
| Debt securities .....   | <b>\$167,413</b> | <b>\$ 1,820</b> | <b>\$ 1,413</b> | <b>\$167,820</b> |
| Held-to-maturity:       |                  |                 |                 |                  |
| Debt securities .....   | —                | —               | —               | —                |
|                         | <b>\$167,413</b> | <b>\$ 1,820</b> | <b>\$ 1,413</b> | <b>\$167,820</b> |

|                        |                  |                 |                 |                  |
|------------------------|------------------|-----------------|-----------------|------------------|
| Investment securities: |                  |                 |                 |                  |
| Available-for-sale:    |                  |                 |                 |                  |
| Debt securities .....  | <b>\$669,900</b> | <b>\$15,533</b> | <b>\$13,093</b> | <b>\$672,340</b> |
| Held-to-maturity:      |                  |                 |                 |                  |
| Debt securities .....  | <b>77,747</b>    | <b>7</b>        | <b>2,001</b>    | <b>75,753</b>    |
|                        | <b>\$747,647</b> | <b>\$15,540</b> | <b>\$15,094</b> | <b>\$748,093</b> |

Gross unrealized losses on, and fair value of, “available-for-sale” and “held-to-maturity” securities, aggregated by investment category and the length of time that individual securities have been in a continuous unrealized loss position at March 31, 2025 are as follows:

|  | In millions of yen  |                         |                     |                         |
|--|---------------------|-------------------------|---------------------|-------------------------|
|  | March 31, 2025      |                         |                     |                         |
|  | Less than 12 months |                         | 12 months or longer |                         |
|  | Fair value          | Gross unrealized losses | Fair value          | Gross unrealized losses |

|                       |                |               |           |           |
|-----------------------|----------------|---------------|-----------|-----------|
| Available-for-sale:   |                |               |           |           |
| Debt securities ..... | <b>¥69,158</b> | <b>¥2,176</b> | <b>¥—</b> | <b>¥—</b> |

|                       |                |              |           |           |
|-----------------------|----------------|--------------|-----------|-----------|
| Held-to-maturity:     |                |              |           |           |
| Debt securities ..... | <b>¥10,974</b> | <b>¥ 300</b> | <b>¥—</b> | <b>¥—</b> |

|  | In thousands of U.S. dollars |                         |                     |                         |
|--|------------------------------|-------------------------|---------------------|-------------------------|
|  | March 31, 2025               |                         |                     |                         |
|  | Less than 12 months          |                         | 12 months or longer |                         |
|  | Fair value                   | Gross unrealized losses | Fair value          | Gross unrealized losses |

|                       |                  |                 |            |            |
|-----------------------|------------------|-----------------|------------|------------|
| Available-for-sale:   |                  |                 |            |            |
| Debt securities ..... | <b>\$461,053</b> | <b>\$14,507</b> | <b>\$—</b> | <b>\$—</b> |

|                       |                  |                 |            |            |
|-----------------------|------------------|-----------------|------------|------------|
| Held-to-maturity:     |                  |                 |            |            |
| Debt securities ..... | <b>\$ 73,160</b> | <b>\$ 2,000</b> | <b>\$—</b> | <b>\$—</b> |

Based on the Company’s ability and intent to hold the investments for a reasonable period of time sufficient for a recovery of fair value, the credit condition of the issuers and other relevant factors, the Company does not consider these investments to be other-than-temporarily impaired at March 31, 2025.

At March 31, 2025, debt securities principally consisted of short-term investments in monetary trusts, Japanese government bonds, corporate bonds, U.S. treasury securities and U.S. Government Agency Bonds.

The cost and fair value of “available-for-sale” and “held-to-maturity” debt securities by contractual maturity at March 31, 2025 are as follows:

|  | In millions of yen |                 |                  |                |
|--|--------------------|-----------------|------------------|----------------|
|  | March 31, 2025     |                 |                  |                |
|  | Available-for-sale |                 | Held-to-maturity |                |
|  | Cost               | Fair value      | Cost             | Fair value     |
| Due within 1 year .....                  | <b>¥ 25,112</b>    | <b>¥ 25,173</b> | <b>¥ —</b>       | <b>¥ —</b>     |
| Due after 1 year through 5 years .....   | <b>53,722</b>      | <b>55,296</b>   | <b>288</b>       | <b>289</b>     |
| Due after 5 years through 10 years ..... | <b>23,554</b>      | <b>22,996</b>   | <b>9,173</b>     | <b>9,060</b>   |
| Due after 10 years .....                 | <b>23,209</b>      | <b>22,559</b>   | <b>2,201</b>     | <b>2,014</b>   |
|  | <b>¥125,597</b>    | <b>¥126,024</b> | <b>¥11,662</b>   | <b>¥11,363</b> |

|  | In thousands of U.S. dollars |                  |                  |                 |
|--|------------------------------|------------------|------------------|-----------------|
|  | March 31, 2025               |                  |                  |                 |
|  | Available-for-sale           |                  | Held-to-maturity |                 |
|  | Cost                         | Fair value       | Cost             | Fair value      |
| Due within 1 year .....                  | <b>\$167,413</b>             | <b>\$167,820</b> | <b>\$ —</b>      | <b>\$ —</b>     |
| Due after 1 year through 5 years .....   | <b>358,146</b>               | <b>368,640</b>   | <b>1,920</b>     | <b>1,927</b>    |
| Due after 5 years through 10 years ..... | <b>157,027</b>               | <b>153,307</b>   | <b>61,154</b>    | <b>60,399</b>   |
| Due after 10 years .....                 | <b>154,727</b>               | <b>150,393</b>   | <b>14,673</b>    | <b>13,427</b>   |
|  | <b>\$837,313</b>             | <b>\$840,160</b> | <b>\$77,747</b>  | <b>\$75,753</b> |

Proceeds from the sale of “available-for-sale” securities for the years ended March 31, 2025, 2024 and 2023 were ¥7,669 million (\$51,127 thousand), ¥12,685 million and ¥29,944 million, respectively. On those sales, the gross realized gains and gross realized losses, using a moving-average cost basis, for the years ended March 31, 2025, 2024 and 2023 are as follows:

|                             | In millions of yen   |        |        | In thousands of U.S. dollars |
|-----------------------------|----------------------|--------|--------|------------------------------|
|                             | Years ended March 31 |        |        | Year ended March 31          |
|                             | 2025                 | 2024   | 2023   | 2025                         |
| Gross realized gains .....  | <b>¥359</b>          | ¥2,678 | ¥3,148 | <b>\$2,393</b>               |
| Gross realized losses ..... | <b>120</b>           | 1,285  | 212    | <b>800</b>                   |

The Company maintains long-term investment securities, issued by a number of non-public companies, included as investment securities in the consolidated balance sheets. The aggregate carrying amount of the investments in non-public companies, at cost net of other-than-temporary impairment, was ¥6,240 million (\$41,600 thousand) and ¥6,408 million at March 31, 2025 and 2024, respectively. The corresponding fair value at that date was not computed as such estimation was not practicable and no significant events or changes that might have affected the fair value of the investments were observed.

#### 8. Inventories

Inventories at March 31, 2025 and 2024 comprise the following:

|  | In millions of yen |         | In thousands of U.S. dollars |
|--|--------------------|---------|------------------------------|
|  | March 31           |         | March 31                     |
|  | 2025               | 2024    | 2025                         |
| Security-related products .....        | <b>¥10,873</b>     | ¥12,777 | <b>\$ 72,487</b>             |
| Fire protection-related products ..... | <b>19,661</b>      | 21,566  | <b>131,073</b>               |
| Real estate .....                      | <b>5,152</b>       | 3,511   | <b>34,347</b>                |
| Other-related products .....           | <b>15,737</b>      | 14,676  | <b>104,913</b>               |
|  | <b>¥51,423</b>     | ¥52,530 | <b>\$342,820</b>             |

There is no write-down on real estate inventories included in cost of sales for the years ended March 31, 2025, 2024 and 2023.

#### 9. Credit Quality of Financing Receivables and Allowance for Credit Losses

The Company has financing receivables and classifies them into the following categories: “lease receivables,” “loans receivable resulting from medical services,” “other loans receivable” and other categories. Financing receivables classified as “lease receivables” are resulting from lease transactions of security merchandise and security systems.

In recording allowance for credit losses, the Company manages credit quality as collectively and individually evaluated receivables, and collectively and individually evaluates financial assets based on historical credit loss experience and reasonable and supportable projections, including the financial condition of borrowers and delinquent payments.

Financing receivables and allowance for credit losses at March 31, 2025 and 2024 are as follows:

|  | In millions of yen        |  |                        |       |       |
|--|---------------------------|--|------------------------|-------|-------|
|  | Year ended March 31, 2025 |  |                        |       |       |
|  | Lease receivables         | Loans receivable resulting from medical services | Other loans receivable | Other | Total |

|                                    |       |        |       |       |         |
|------------------------------------|-------|--------|-------|-------|---------|
| Allowance for credit losses:       |       |        |       |       |         |
| Balance at beginning of year ..... | ¥ 195 | ¥2,598 | ¥ 330 | ¥ 829 | ¥ 3,952 |
| Provision (Reversal) ...           | 27    | (71)   | (6)   | (126) | (176)   |
| Charge off .....                   | (34)  | —      | —     | —     | (34)    |
| Other .....                        | —     | —      | —     | —     | —       |

|                              |            |              |            |            |              |
|------------------------------|------------|--------------|------------|------------|--------------|
| Balance at end of year ..... | <b>188</b> | <b>2,527</b> | <b>324</b> | <b>703</b> | <b>3,742</b> |
| Individually evaluated ..... | <b>107</b> | <b>2,527</b> | <b>324</b> | <b>703</b> | <b>3,661</b> |
| Collectively evaluated ..... | ¥ 81       | ¥ —          | ¥ —        | ¥ —        | ¥ 81         |

|                              |                |               |               |              |                |
|------------------------------|----------------|---------------|---------------|--------------|----------------|
| Financing receivables:       |                |               |               |              |                |
| Individually evaluated ..... | ¥ 156          | ¥3,222        | ¥ 372         | ¥ 721        | ¥ 4,471        |
| Collectively evaluated ..... | <b>50,373</b>  | <b>302</b>    | <b>1,148</b>  | <b>116</b>   | <b>51,939</b>  |
|                              | <b>¥50,529</b> | <b>¥3,524</b> | <b>¥1,520</b> | <b>¥ 837</b> | <b>¥56,410</b> |

|  | In millions of yen        |  |                        |       |       |
|--|---------------------------|--|------------------------|-------|-------|
|  | Year ended March 31, 2024 |  |                        |       |       |
|  | Lease receivables         | Loans receivable resulting from medical services | Other loans receivable | Other | Total |

|                                    |       |        |       |       |         |
|------------------------------------|-------|--------|-------|-------|---------|
| Allowance for credit losses:       |       |        |       |       |         |
| Balance at beginning of year ..... | ¥ 203 | ¥2,881 | ¥ 431 | ¥ 732 | ¥ 4,247 |
| Provision (Reversal) ...           | 26    | (283)  | (101) | 97    | (261)   |
| Charge off .....                   | (34)  | —      | —     | (0)   | (34)    |
| Other .....                        | —     | —      | —     | —     | —       |

|                              |      |       |     |     |       |
|------------------------------|------|-------|-----|-----|-------|
| Balance at end of year ..... | 195  | 2,598 | 330 | 829 | 3,952 |
| Individually evaluated ..... | 104  | 2,598 | 330 | 829 | 3,861 |
| Collectively evaluated ..... | ¥ 91 | ¥ —   | ¥ — | ¥ — | ¥ 91  |

|                              |         |        |        |       |         |
|------------------------------|---------|--------|--------|-------|---------|
| Financing receivables:       |         |        |        |       |         |
| Individually evaluated ..... | ¥ 170   | ¥3,344 | ¥ 384  | ¥ 851 | ¥ 4,749 |
| Collectively evaluated ..... | 48,427  | 328    | 1,131  | 142   | 50,028  |
|                              | ¥48,597 | ¥3,672 | ¥1,515 | ¥ 993 | ¥54,777 |

|  | In thousands of U.S. dollars |  |                        |       |       |
|--|------------------------------|--|------------------------|-------|-------|
|  | Year ended March 31, 2025    |  |                        |       |       |
|  | Lease receivables            | Loans receivable resulting from medical services | Other loans receivable | Other | Total |

|                                    |                 |                 |                 |                |                  |
|------------------------------------|-----------------|-----------------|-----------------|----------------|------------------|
| Allowance for credit losses:       |                 |                 |                 |                |                  |
| Balance at beginning of year ..... | <b>\$ 1,300</b> | <b>\$17,320</b> | <b>\$ 2,200</b> | <b>\$5,527</b> | <b>\$ 26,347</b> |
| Provision (Reversal) ...           | <b>180</b>      | <b>(473)</b>    | <b>(40)</b>     | <b>(840)</b>   | <b>(1,173)</b>   |
| Charge off .....                   | <b>(227)</b>    | <b>—</b>        | <b>—</b>        | <b>—</b>       | <b>(227)</b>     |
| Other .....                        | —               | —               | —               | —              | —                |

|                              |               |               |              |              |               |
|------------------------------|---------------|---------------|--------------|--------------|---------------|
| Balance at end of year ..... | <b>1,253</b>  | <b>16,847</b> | <b>2,160</b> | <b>4,687</b> | <b>24,947</b> |
| Individually evaluated ..... | <b>713</b>    | <b>16,847</b> | <b>2,160</b> | <b>4,687</b> | <b>24,407</b> |
| Collectively evaluated ..... | <b>\$ 540</b> | <b>\$ —</b>   | <b>\$ —</b>  | <b>\$ —</b>  | <b>\$ 540</b> |

|                              |                  |                 |                 |                |                  |
|------------------------------|------------------|-----------------|-----------------|----------------|------------------|
| Financing receivables:       |                  |                 |                 |                |                  |
| Individually evaluated ..... | <b>\$ 1,040</b>  | <b>\$21,480</b> | <b>\$ 2,480</b> | <b>\$4,807</b> | <b>\$ 29,807</b> |
| Collectively evaluated ..... | <b>335,820</b>   | <b>2,013</b>    | <b>7,653</b>    | <b>773</b>     | <b>346,259</b>   |
|                              | <b>\$336,860</b> | <b>\$23,493</b> | <b>\$10,133</b> | <b>\$5,580</b> | <b>\$376,066</b> |

The Company considers receivables are past due and the financial position of the debtor to be credit quality indicators and classifies financing receivables into Overdue and Current. Financing receivables determined to have no prospects for collecting contractual interest on the basis of being past due and other factors are placed on nonaccrual status.



The aging analysis of the recorded financing receivables and financing receivables on nonaccrual status at March 31, 2025 and 2024 are as follows:

| In millions of yen                              |                   |  |                        |       |         |
|---|-------------------|--|------------------------|-------|---------|
| March 31, 2025                                  |                   |  |                        |       |         |
|   | Lease receivables | Loans receivable resulting from medical services | Other loans receivable | Other | Total   |
| Current.....                                    | ¥50,374           | ¥3,490   | ¥1,179                 | ¥ 667 | ¥55,710 |
| Overdue .....                                   | 155               | 34   | 341                    | 170   | 700     |
| Total:  |                   |  |                        |       |         |
| Financing receivables ....                      | ¥50,529           | ¥3,524   | ¥1,520                 | ¥ 837 | ¥56,410 |
| Financing receivables on nonaccrual status..... | ¥ —               | ¥ 1  | ¥ 372                  | ¥ —   | ¥ 373   |

| In millions of yen                              |                   |  |                        |       |         |
|---|-------------------|--|------------------------|-------|---------|
| March 31, 2024                                  |                   |  |                        |       |         |
|   | Lease receivables | Loans receivable resulting from medical services | Other loans receivable | Other | Total   |
| Current.....                                    | ¥48,427           | ¥3,635   | ¥1,172                 | ¥ 818 | ¥54,052 |
| Overdue .....                                   | 170               | 37   | 343                    | 175   | 725     |
| Total:  |                   |  |                        |       |         |
| Financing receivables ....                      | ¥48,597           | ¥3,672   | ¥1,515                 | ¥ 993 | ¥54,777 |
| Financing receivables on nonaccrual status..... | ¥ —               | ¥ 4  | ¥ 384                  | ¥ —   | ¥ 388   |

| In thousands of U.S. dollars                    |                   |  |                        |         |           |
|---|-------------------|--|------------------------|---------|-----------|
| March 31, 2025                                  |                   |  |                        |         |           |
|   | Lease receivables | Loans receivable resulting from medical services | Other loans receivable | Other   | Total     |
| Current.....                                    | \$335,827         | \$23,266   | \$ 7,860               | \$4,447 | \$371,400 |
| Overdue .....                                   | 1,033             | 227  | 2,273                  | 1,133   | 4,666     |
| Total:  |                   |  |                        |         |           |
| Financing receivables ....                      | \$336,860         | \$23,493   | \$10,133               | \$5,580 | \$376,066 |
| Financing receivables on nonaccrual status..... | \$ —              | \$ 7   | \$ 2,480               | \$ —    | \$ 2,487  |

Impaired receivables and the related allowance for credit losses at March 31, 2025 and 2024 are as follows:

| In millions of yen                           |                   |  |                        |       |        |
|--|-------------------|--|------------------------|-------|--------|
| March 31, 2025                               |                   |  |                        |       |        |
|  | Lease receivables | Loans receivable resulting from medical services | Other loans receivable | Other | Total  |
| Impaired receivables .....                   | ¥156              | ¥3,222   | ¥372                   | ¥721  | ¥4,471 |
| Related allowance for credit losses.....     | 107               | 2,527  | 324                    | 703   | 3,661  |
| In millions of yen                           |                   |  |                        |       |        |
| March 31, 2024                               |                   |  |                        |       |        |
|  | Lease receivables | Loans receivable resulting from medical services | Other loans receivable | Other | Total  |
| Impaired receivables .....                   | ¥170              | ¥3,344   | ¥384                   | ¥851  | ¥4,749 |
| Related allowance for doubtful accounts..... | 104               | 2,598  | 330                    | 829   | 3,861  |

| In thousands of U.S. dollars             |                   |  |                        |         |          |
|--|-------------------|--|------------------------|---------|----------|
| March 31, 2025                           |                   |  |                        |         |          |
|  | Lease receivables | Loans receivable resulting from medical services | Other loans receivable | Other   | Total    |
| Impaired receivables .....               | \$1,040           | \$21,480   | \$2,480                | \$4,807 | \$29,807 |
| Related allowance for credit losses..... | 713               | 16,847   | 2,160                  | 4,687   | 24,407   |

The average amounts of impaired receivables for the year ended March 31, 2025 are as follows:

| In millions of yen                           |                   |  |                        |         |          |
|--|-------------------|--|------------------------|---------|----------|
| Average amounts of impaired receivables..... |                   |  |                        |         |          |
|  | Lease receivables | Loans receivable resulting from medical services | Other loans receivable | Other   | Total    |
|  | ¥163              | ¥3,283   | ¥378                   | ¥787    | ¥4,611   |
| In thousands of U.S. dollars                 |                   |  |                        |         |          |
| Average amounts of impaired receivables..... |                   |  |                        |         |          |
|  | Lease receivables | Loans receivable resulting from medical services | Other loans receivable | Other   | Total    |
|  | \$1,087           | \$21,887   | \$2,520                | \$5,246 | \$30,740 |

#### 10. Investments in Affiliated Companies

The Company has investments in affiliated companies that are accounted for under the equity method. Investments principally consist of Taiwan Secom Co., Ltd., a 28.7 percent owned affiliate, which is listed on the Taiwan Stock Exchange; S1 Corporation, a 28.8 percent owned affiliate, which is listed on the Korea Exchange; and Toyo Tech Co., Ltd., a 27.3 percent owned affiliate, which is listed on the Standard Market of the Tokyo Stock Exchange.

Combined financial information for the affiliated companies accounted for under the equity method is as follows:

| In millions of yen                |          |          | In thousands of U.S. dollars |
|-----------------------------------|----------|----------|------------------------------|
| March 31                          |          |          | March 31                     |
| 2025                              | 2024     |          | 2025                         |
| Current assets .....              | ¥272,129 | ¥257,376 | \$1,814,193                  |
| Noncurrent assets.....            | 373,576  | 366,937  | 2,490,507                    |
| Total assets.....                 | ¥645,705 | ¥624,313 | \$4,304,700                  |
| Current liabilities .....         | ¥145,181 | ¥140,403 | \$ 967,873                   |
| Long-term liabilities .....       | 142,120  | 127,887  | 947,467                      |
| Equity.....                       | 358,404  | 356,023  | 2,389,360                    |
| Total liabilities and equity..... | ¥645,705 | ¥624,313 | \$4,304,700                  |

| In millions of yen                                    |          |          | In thousands of U.S. dollars |
|---|----------|----------|------------------------------|
| Years ended March 31                                  |          |          | Year ended March 31          |
| 2025  | 2024     | 2023     | 2025                         |
| Net sales.....  | ¥546,005 | ¥454,890 | \$3,640,033                  |
| Gross profit.....                                     | ¥144,808 | ¥120,201 | \$ 965,387                   |
| Net income attributable to affiliated companies ..... | ¥ 28,349 | ¥ 33,860 | \$ 188,993                   |

Dividends received from affiliated companies for the years ended March 31, 2025, 2024 and 2023 were ¥6,942 million (\$46,280 thousand), ¥6,103 million and ¥5,527 million, respectively.

Three listed affiliated companies accounted for under the equity method with an aggregated carrying amount of ¥76,986 million (\$513,240 thousand) and ¥75,072 million at March 31, 2025 and 2024, respectively, had a quoted market value of ¥137,487 million (\$916,580 thousand) and ¥142,900 million at March 31, 2025 and 2024, respectively.

The amounts of goodwill included in the carrying amount of investments in affiliated companies were ¥53,244 million (\$354,960 thousand) and ¥50,150 million at March 31, 2025 and 2024, respectively.

A summary of transactions and balances with the affiliated companies accounted for under the equity method is presented below:

|                | In millions of yen   |         |        | In thousands of U.S. dollars |
|----------------|----------------------|---------|--------|------------------------------|
|                | Years ended March 31 |         |        | Year ended March 31          |
|                | 2025                 | 2024    | 2023   | 2025                         |
| Sales.....     | ¥ 1,740              | ¥ 1,099 | ¥1,104 | \$11,600                     |
| Purchases..... | ¥11,506              | ¥10,317 | ¥8,810 | \$76,707                     |

  

|  | In millions of yen |      | In thousands of U.S. dollars |
|--|--------------------|------|------------------------------|
|  | March 31           |      | March 31                     |
|  | 2025               | 2024 | 2025                         |
| Notes and accounts receivable, trade ..... | ¥ 756              | ¥471 | \$ 5,040                     |
| Loans receivable.....                      | ¥ —                | ¥ —  | \$ —                         |
| Notes and accounts payable.....            | ¥2,558             | ¥618 | \$17,053                     |
| Guarantees for bank loans .....            | ¥ —                | ¥ —  | \$ —                         |

The Company's equity in undistributed income of affiliates at March 31, 2025 and 2024 included in retained earnings was ¥55,673 million (\$371,153 thousand) and ¥51,634 million, respectively.

#### 11. Long-Lived Assets

The Company has assessed the potential impairment of its long-lived assets. As a result of a significant decrease in revenue forecasts, the Company recognized impairment losses for the years ended March 31, 2025, 2024 and 2023. The fair value was determined based on the estimated present value of future cash flows or appraisal value.

Impairment losses on long-lived assets by business segment for the years ended March 31, 2025, 2024 and 2023 are as follows:

|                                       | In millions of yen   |        |        | In thousands of U.S. dollars |
|---------------------------------------|----------------------|--------|--------|------------------------------|
|                                       | Years ended March 31 |        |        | Year ended March 31          |
|                                       | 2025                 | 2024   | 2023   | 2025                         |
| Security services .....               | ¥1,008               | ¥ 918  | ¥ 154  | \$ 6,720                     |
| Fire protection services .....        | 456                  | —      | —      | 3,040                        |
| Medical services .....                | 810                  | 2,466  | 742    | 5,400                        |
| Insurance services .....              | —                    | —      | —      | —                            |
| Geospatial information services ..... | 19                   | 302    | 1,726  | 127                          |
| BPO and ICT services .....            | 1,346                | 742    | 25     | 8,973                        |
| Other services .....                  | 27                   | —      | —      | 180                          |
| Corporate items .....                 | —                    | —      | —      | —                            |
| Total .....                           | ¥3,666               | ¥4,428 | ¥2,647 | \$24,440                     |

#### 12. Goodwill and Other Intangible Assets

The components of acquired intangible assets, excluding goodwill, at March 31, 2025 and 2024 are as follows:

| In millions of yen           |                       |                          |                     |
|------------------------------|-----------------------|--------------------------|---------------------|
| March 31, 2025               |                       |                          |                     |
|                              | Gross carrying amount | Accumulated amortization | Net carrying amount |
| Amortized intangible assets: |                       |                          |                     |
| Software .....               | ¥ 81,358              | (¥45,879)                | ¥35,479             |
| Other .....                  | 54,817                | (27,769)                 | 27,048              |
|                              | ¥136,175              | (¥73,648)                | ¥62,527             |

| Unamortized intangible assets ..... | ¥ 5,405               | ¥ —                      | ¥ 5,405             |
|-------------------------------------|-----------------------|--------------------------|---------------------|
| In millions of yen                  |                       |                          |                     |
| March 31, 2024                      |                       |                          |                     |
|                                     | Gross carrying amount | Accumulated amortization | Net carrying amount |

|                              |          |           |         |
|------------------------------|----------|-----------|---------|
| Amortized intangible assets: |          |           |         |
| Software .....               | ¥ 77,130 | (¥48,621) | ¥28,509 |
| Other .....                  | 56,515   | (24,588)  | 31,927  |
|                              | ¥133,645 | (¥73,209) | ¥60,436 |

|                                     |         |     |         |
|-------------------------------------|---------|-----|---------|
| Unamortized intangible assets ..... | ¥ 4,589 | ¥ — | ¥ 4,589 |
|-------------------------------------|---------|-----|---------|

| In thousands of U.S. dollars |                       |                          |                     |
|------------------------------|-----------------------|--------------------------|---------------------|
| March 31, 2025               |                       |                          |                     |
|                              | Gross carrying amount | Accumulated amortization | Net carrying amount |
| Amortized intangible assets: |                       |                          |                     |
| Software .....               | \$542,387             | (\$305,860)              | \$236,527           |
| Other .....                  | 365,447               | (185,127)                | 180,320             |
|                              | \$907,834             | (\$490,987)              | \$416,847           |

|                                     |           |      |           |
|-------------------------------------|-----------|------|-----------|
| Unamortized intangible assets ..... | \$ 36,033 | \$ — | \$ 36,033 |
|-------------------------------------|-----------|------|-----------|

Aggregate amortization expense for the years ended March 31, 2025, 2024 and 2023 was ¥13,431 million (\$89,540 thousand), ¥12,398 million and ¥11,434 million, respectively. Amortized intangible assets are amortized using the straight-line method over their estimated useful lives. The weighted average amortization period for internal use software is approximately five years.

The estimated aggregate amortization expense for intangible assets for the next five years is as follows:

| Years ending March 31 | In millions of yen | In thousands of U.S. dollars |
|-----------------------|--------------------|------------------------------|
| 2026 .....            | ¥14,020            | \$93,467                     |
| 2027 .....            | 12,686             | 84,573                       |
| 2028 .....            | 11,214             | 74,760                       |
| 2029 .....            | 9,339              | 62,260                       |
| 2030 .....            | 6,420              | 42,800                       |



The changes in the carrying amount of goodwill by business segment for the years ended March 31, 2025 and 2024 are as follows:

| In millions of yen                   |                   |                          |                  |                                 |                      |                |          |
|--------------------------------------|-------------------|--------------------------|------------------|---------------------------------|----------------------|----------------|----------|
|                                      | Security services | Fire protection services | Medical services | Geospatial information services | BPO and ICT services | Other services | Total    |
| Goodwill.....                        | ¥97,866           | ¥2,206                   | ¥9,399           | ¥3,855                          | ¥35,114              | ¥9,529         | ¥157,969 |
| Accumulated impairment losses.....   | (10,039)          | —                        | (5,938)          | (191)                           | (175)                | —              | (16,343) |
| March 31, 2023.....                  | 87,827            | 2,206                    | 3,461            | 3,664                           | 34,939               | 9,529          | 141,626  |
| Goodwill acquired during the year... | —                 | —                        | —                | —                               | —                    | —              | —        |
| Disposal.....                        | —                 | —                        | —                | —                               | —                    | —              | —        |
| Impairment losses.....               | (1,500)           | —                        | (1,077)          | —                               | —                    | (1,827)        | (4,404)  |
| Translation adjustment.....          | 463               | —                        | —                | —                               | —                    | —              | 463      |
| Goodwill.....                        | 98,329            | 2,206                    | 9,399            | 3,855                           | 35,114               | 9,529          | 158,432  |
| Accumulated impairment losses.....   | (11,539)          | —                        | (7,015)          | (191)                           | (175)                | (1,827)        | (20,747) |
| March 31, 2024.....                  | 86,790            | 2,206                    | 2,384            | 3,664                           | 34,939               | 7,702          | 137,685  |
| Goodwill acquired during the year... | 96                | 790                      | —                | —                               | —                    | —              | 886      |
| Disposal.....                        | —                 | —                        | —                | —                               | —                    | —              | —        |
| Impairment losses.....               | —                 | —                        | —                | —                               | —                    | —              | —        |
| Translation adjustment.....          | 121               | —                        | —                | —                               | —                    | —              | 121      |
| Goodwill.....                        | 98,546            | 2,996                    | 9,399            | 3,855                           | 35,114               | 9,529          | 159,439  |
| Accumulated impairment losses.....   | (11,539)          | —                        | (7,015)          | (191)                           | (175)                | (1,827)        | (20,747) |
| March 31, 2025.....                  | ¥87,007           | ¥2,996                   | ¥2,384           | ¥3,664                          | ¥34,939              | ¥7,702         | ¥138,692 |

| In thousands of U.S. dollars         |                   |                          |                  |                                 |                      |                |             |
|--------------------------------------|-------------------|--------------------------|------------------|---------------------------------|----------------------|----------------|-------------|
|                                      | Security services | Fire protection services | Medical services | Geospatial information services | BPO and ICT services | Other services | Total       |
| Goodwill.....                        | \$655,527         | \$14,707                 | \$62,660         | \$25,700                        | \$234,094            | \$63,527       | \$1,056,215 |
| Accumulated impairment losses.....   | (76,927)          | —                        | (46,767)         | (1,273)                         | (1,167)              | (12,180)       | (138,314)   |
| March 31, 2024.....                  | 578,600           | 14,707                   | 15,893           | 24,427                          | 232,927              | 51,347         | 917,901     |
| Goodwill acquired during the year... | 640               | 5,266                    | —                | —                               | —                    | —              | 5,906       |
| Disposal.....                        | —                 | —                        | —                | —                               | —                    | —              | —           |
| Impairment losses.....               | —                 | —                        | —                | —                               | —                    | —              | —           |
| Translation adjustment.....          | 806               | —                        | —                | —                               | —                    | —              | 806         |
| Goodwill.....                        | 656,973           | 19,973                   | 62,660           | 25,700                          | 234,094              | 63,527         | 1,062,927   |
| Accumulated impairment losses.....   | (76,927)          | —                        | (46,767)         | (1,273)                         | (1,167)              | (12,180)       | (138,314)   |
| March 31, 2025.....                  | \$580,046         | \$19,973                 | \$15,893         | \$24,427                        | \$232,927            | \$51,347       | \$ 924,613  |

Impairment losses on goodwill recognized in the above table are mainly due to decreases in the estimated fair value of reporting units in each segment mainly caused by decreases in projected cash flows. The fair value is determined based on the estimated present value of future cash flows.

13. Bank Loans and Long-Term Debt

Bank loans of ¥33,355 million (\$222,367 thousand) and ¥29,185 million at March 31, 2025 and 2024, respectively, are generally comprised of 30 to 365 day notes. The weighted average interest rate was 0.91 percent and 0.81 percent at March 31, 2025 and 2024, respectively. Substantially all of these loans are borrowed from banks. The Company has entered into basic agreements with these banks which state that, with respect to all present or future loans with such banks, collateral (including sums on deposit with such banks) or guarantors shall be provided immediately upon request. Further, any collateral furnished pursuant to such agreements or otherwise will be applicable to all indebtedness to such banks. The Company has not been requested to submit such additional security.

At March 31, 2025, Nohmi Bosai Ltd. and Arai & Co., Ltd., subsidiaries of the parent company, had an unused committed line of credit from short-term arrangements of ¥4,548 million (\$30,320 thousand). The line of credit expires in March 2026. Under the agreement, Nohmi Bosai Ltd. is required to pay commitment fees, at an annual rate of 0.15 percent, on the unused portion of the line of credit. The line of credit expires in April 2041. Under the agreement, Arai & Co., Ltd. is required to pay commitment fees, at an annual rate of 0.55 percent and Japanese yen one month Tokyo Interbank Offered Rate (tibor), on the unused portion of the line of credit.

At March 31, 2025, the Company had overdraft agreements with 31 banks and its unused lines of credit amounted to ¥68,640 million (\$457,600 thousand). The Company incurs no fee on the unused portion of these overdraft agreements. The overdraft agreements expire in the period from April 2025 to March 2026. The Company has the ability and intent to extend these overdraft agreements under similar terms and conditions.

Long-term debt at March 31, 2025 and 2024 comprises the following:

|   | In millions of yen |          | In thousands of U.S. dollars |
|---|--------------------|----------|------------------------------|
|   | March 31           |          | March 31                     |
|   | 2025               | 2024     | 2025                         |
| Loans, principally from banks due 2024–2045 with interest rates ranging from 0.13% to 3.60%:        |                    |          |                              |
| Secured.....  | ¥ 8,901            | ¥ 9,988  | \$ 59,340                    |
| Unsecured.....  | 15,450             | 15,972   | 103,000                      |
| Unsecured bonds due 2024–2040 with floating interest rates based on 6-month Japanese yen TIBOR..... | 2,615              | 3,003    | 17,433                       |
| Obligations under finance leases, due 2024–2062 (Note 19).....                                      | 32,900             | 33,797   | 219,334                      |
|   | 59,866             | 62,760   | 399,107                      |
|   | (10,605)           | (11,350) | (70,700)                     |
|   | ¥49,261            | ¥51,410  | \$328,407                    |

Assets pledged as collateral for bank loans and long-term debt at March 31, 2025 and 2024 are as follows:

|   | In millions of yen |        | In thousands of U.S. dollars |
|---|--------------------|--------|------------------------------|
|   | March 31           |        | March 31                     |
|   | 2025               | 2024   | 2025                         |
| Time deposits.....                      | ¥ —                | ¥ —    | \$ —                         |
| Short-term and long-term receivables... | 6,000              | 6,011  | 40,000                       |
| Investment securities.....              | 1,429              | 1,399  | 9,527                        |
| Property, plant and equipment.....      | 38,990             | 39,572 | 259,933                      |
| Other intangible assets.....            | 508                | 508    | 3,387                        |

The aggregate annual maturities on long-term debt at March 31, 2025 are as follows:

| Years ending March 31 | In millions of yen | In thousands of U.S. dollars |
|-----------------------|--------------------|------------------------------|
| 2026.....             | ¥10,605            | \$ 70,700                    |
| 2027.....             | 9,225              | 61,500                       |
| 2028.....             | 7,198              | 47,987                       |
| 2029.....             | 5,765              | 38,433                       |
| 2030.....             | 4,102              | 27,347                       |
| Thereafter.....       | 22,971             | 153,140                      |
|                       | ¥59,866            | \$399,107                    |

14. Insurance-Related Operations

Secom General Insurance Co., Ltd. (“Secom Insurance”), a subsidiary of the parent company, maintains accounting records as noted in Note 2 in accordance with Japanese GAAP, which vary in certain respects from U.S. GAAP. Those differences are principally, (a) that insurance acquisition costs are charged to expense when incurred under Japanese GAAP whereas under U.S. GAAP, those costs are deferred and amortized generally over the premium-paying period of the insurance policies, (b) that liabilities related to incurred but not reported claims are computed based on related regulations in Japan whereas under U.S. GAAP, those liabilities are computed based on past experience for unreported losses, and (c) that unearned premiums are calculated based on the documents authorized by the Supervisory Authorities in Japan whereas under U.S. GAAP, unearned premiums are reflected based on the lapse and surrender over the contract period.

In addition, under certain property and casualty insurance contracts with a refund clause and long-term insurance policies that provide refunds at maturity, such as fire, the policyholder receives a refund if premiums have been fully paid unless a substantial settlement (as defined in the policy) has occurred. The Company has provided for such refundable amounts by classifying a portion of the net premiums written, together with interest thereon, as investment deposits by policyholders. Contract and policy terms are principally five years.

For purposes of preparing the consolidated financial statements, appropriate adjustments have been made to reflect such items in accordance with U.S. GAAP.

The net equity of Secom Insurance at March 31, 2025 and 2024 were ¥103,794 million (\$691,960 thousand) and ¥101,743 million, respectively.

Net sales and operating revenue of Secom Insurance include net realized investment gains and losses, including gains and losses on sales of securities, losses on other-than-temporary impairment of investment securities and impairment losses on long-lived assets.

Net realized investment gains and losses, including losses on other-than-temporary impairments, for the years ended March 31, 2025, 2024 and 2023 were losses of ¥3,389 million (\$22,593 thousand), gains of ¥19,115 million, and gains of ¥4,954 million, respectively. Gains and losses on other-than-temporary impairments of investment securities for the years ended March 31, 2025, 2024 and 2023 were losses of ¥3,418 million (\$22,787 thousand), gains of ¥16,871 million and gains of ¥2,131 million, respectively.

15. Pension and Severance Costs

Employees of the parent company and its domestic subsidiaries whose services are terminated are, under most circumstances, eligible for lump-sum benefits and/or eligible for pension benefits.

The parent company and certain domestic subsidiaries have adopted a cash balance pension plan and a defined contribution pension plan. Benefits under the cash balance pension plan are calculated as a certain percentage of employees’ annual income over their period of service, plus interest calculated as the 3-year average yield for 10-year government bonds. The defined contribution pension plan was established in April 2003, by transferring a portion equivalent to 20 percent of the cash balance pension plan, including portions funded in prior periods. A specified percentage of employees’ annual income is contributed to the defined contribution pension plan.

In April 2005, the parent company and certain domestic subsidiaries transferred an additional portion of the cash balance pension plan to the defined contribution pension plan. Accordingly, the ratio of the accumulated amount in the cash balance pension plan and the amount of contributions to the defined contribution pension plan changed to 70 percent and 30 percent, including portions funded in prior periods.

Net periodic pension and severance costs for the years ended March 31, 2025, 2024 and 2023 are as follows.

The service cost component of net periodic pension cost and severance cost for the Company’s cash balance pension plan is included in cost of sales and selling, general and administrative expenses in the consolidated statements of income. The components other than the service cost component are included in other income in the consolidated statements of income.

|   | In millions of yen   |         |         | In thousands of U.S. dollars |
|---|----------------------|---------|---------|------------------------------|
|   | Years ended March 31 |         |         | Year ended March 31          |
|   | 2025                 | 2024    | 2023    | 2025                         |
| Net periodic pension and severance costs:     |                      |         |         |                              |
| Service cost.....                             | ¥6,992               | ¥7,699  | ¥8,070  | \$46,613                     |
| Interest cost.....                            | 1,265                | 998     | 558     | 8,433                        |
| Expected return on plan assets.....           | (4,086)              | (4,004) | (3,719) | (27,240)                     |
| Amortization of prior service benefit.....    | 30                   | 30      | 30      | 200                          |
| Recognized actuarial loss.....                | (65)                 | 184     | 443     | (433)                        |
| Net periodic pension and severance costs..... | ¥4,136               | ¥4,907  | ¥5,382  | \$27,573                     |

The changes in benefit obligation, plan assets and funded status are as follows:

|   | In millions of yen |          | In thousands of<br>U.S. dollars |
|---|--------------------|----------|---------------------------------|
|   | Years ended        |          | Year ended                      |
|   | March 31           | March 31 | March 31                        |
|   | 2025               | 2024     | 2025                            |
| Change in benefit obligation:                           |                    |          |                                 |
| Benefit obligation                                      |                    |          |                                 |
| at beginning of year .....                              | ¥123,828           | ¥123,979 | \$ 825,520                      |
| Service cost .....                                      | 6,992              | 7,699    | 46,613                          |
| Interest cost .....                                     | 1,265              | 998      | 8,433                           |
| Actuarial loss .....                                    | (3,526)            | (835)    | (23,507)                        |
| Benefits paid .....                                     | (8,069)            | (8,013)  | (53,793)                        |
| Transfer to the defined contribution pension plan ..... | (4,970)            | —        | (33,133)                        |
| Other .....   | 166                | —        | 1,107                           |
| Benefit obligation at end of year .....                 | 115,686            | 123,828  | 771,240                         |
| Change in plan assets:                                  |                    |          |                                 |
| Fair value of plan assets                               |                    |          |                                 |
| at beginning of year .....                              | 164,495            | 148,441  | 1,096,633                       |
| Actual return on plan assets .....                      | (42)               | 14,487   | (280)                           |
| Employer contribution .....                             | 6,195              | 7,446    | 41,300                          |
| Benefits paid .....                                     | (5,658)            | (5,879)  | (37,720)                        |
| Transfer to the defined contribution pension plan ..... | (4,538)            | —        | (30,253)                        |
| Fair value of plan assets at end of year .....          | 160,452            | 164,495  | 1,069,680                       |
| Funded status at the end of year .....                  | ¥ 44,766           | ¥ 40,667 | \$ 298,440                      |

Amounts recognized in the consolidated balance sheets at March 31, 2025 and 2024 consist of:

|   | In millions of yen |          | In thousands of<br>U.S. dollars |
|---|--------------------|----------|---------------------------------|
|   | March 31           |          | March 31                        |
|   | 2025               | 2024     | 2025                            |
| Prepaid pension and severance costs ..... | ¥73,578            | ¥69,583  | \$490,520                       |
| Accrued pension and severance costs ..... | (28,812)           | (28,916) | (192,080)                       |
| Net amount recognized .....               | ¥44,766            | ¥40,667  | \$298,440                       |

Other changes in plan assets and benefit obligations recognized in other comprehensive income (loss) for the year ended March 31, 2025 are summarized as follows:

|   | In millions of yen | In thousands of<br>U.S. dollars |
|---|--------------------|---------------------------------|
|   | March 31           | March 31                        |
| Current year actuarial (gain) loss .....    | ¥602               | \$4,013                         |
| Amortization of actuarial gain (loss) ..... | 65                 | 433                             |
| Amortization of prior service benefit ..... | (30)               | (200)                           |
|   | ¥637               | \$4,246                         |

Amounts recognized in accumulated other comprehensive income (loss) at March 31, 2025 and 2024 consist of:

|                             | In millions of yen |           | In thousands of<br>U.S. dollars |
|-----------------------------|--------------------|-----------|---------------------------------|
|                             | March 31           |           | March 31                        |
|                             | 2025               | 2024      | 2025                            |
| Actuarial (gain) loss ..... | (¥15,768)          | (¥16,435) | (\$105,120)                     |
| Prior service benefit ..... | 103                | 133       | 687                             |
| Net amount recognized ..... | (¥15,665)          | (¥16,302) | (\$104,433)                     |

The accumulated benefit obligation for the pension plan was ¥113,053 million (\$753,687 thousand) and ¥120,761 million at March 31, 2025 and 2024, respectively.

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for the pension plans with projected benefit obligation and accumulated benefit obligation in excess of plan assets were ¥49,172 million (\$327,813 thousand), ¥46,540 million (\$310,267 thousand) and ¥29,369 million (\$195,793 thousand), respectively, at March 31, 2025, and ¥55,526 million, ¥52,460 million and ¥32,879 million, respectively, at March 31, 2024.

The Company uses March 31 as the measurement date for the domestic pension plan.

Weighted-average assumptions used to determine the benefit obligation at March 31, 2025 and 2024 are as follows:

|  | March 31 |      |
|--|----------|------|
|  | 2025     | 2024 |
| Discount rate .....                                  | 1.9%     | 1.2% |
| Rate of compensation increase .....                  | 2.3%     | 2.4% |
| Interest crediting rate for cash balance plans ..... | 0.5%     | 0.3% |

Weighted-average assumptions used to determine net pension and severance costs for the years ended March 31, 2025, 2024 and 2023 are as follows:

|  | Years ended March 31 |      |      |
|--|----------------------|------|------|
|  | 2025                 | 2024 | 2023 |
| Discount rate .....                                  | 1.2%                 | 0.9% | 0.5% |
| Expected return on plan assets .....                 | 3.0%                 | 3.0% | 3.0% |
| Rate of compensation increase .....                  | 2.4%                 | 2.4% | 2.5% |
| Interest crediting rate for cash balance plans ..... | 0.3%                 | 0.1% | 0.1% |

The Company determines the expected long-term rate of return based on the expected long-term return of the various asset categories in which it invests. The Company considers the current expectations for future returns and the actual historical returns of each plan asset category.

The Company's investment policy is designed to ensure that sufficient plan assets are available to provide future payments of pension benefits to the eligible plan participants. Plan assets set target allocations for the individual asset categories and are invested primarily in equity and debt securities, and other assets such as real estate with the objective to minimize risk and achieve the expected rate of return. The investment results are periodically reviewed and asset allocation is adjusted to target allocations as necessary.

The following table represents the fair value of the Company's pension plan assets at March 31, 2025 and 2024. The three levels of inputs used to measure fair value are more fully described in Note 22.

|                                 | In millions of yen |         |         |          |
|---------------------------------|--------------------|---------|---------|----------|
|                                 | March 31, 2025     |         |         |          |
|                                 | Level 1            | Level 2 | Level 3 | Total    |
| Cash and cash equivalents ..... | ¥ 8,751            | ¥ —     | ¥ —     | ¥ 8,751  |
| Equity securities               |                    |         |         |          |
| Japanese companies .....        | 1,540              | —       | —       | 1,540    |
| Foreign companies .....         | 422                | —       | —       | 422      |
| Debt securities                 |                    |         |         |          |
| Government bonds .....          | —                  | —       | —       | —        |
| Non-government bonds .....      | —                  | —       | —       | —        |
| Pooled funds .....              | 3,357              | 68,654  | 61,477  | 133,488  |
| Call loans .....                | —                  | 501     | —       | 501      |
| Insurance contracts .....       | —                  | 15,451  | —       | 15,451   |
| Other .....                     | (36)               | 58      | 277     | 299      |
|                                 | ¥14,034            | ¥84,664 | ¥61,754 | ¥160,452 |

\* The pension investment trust fund included in the plan's pooled funds is classified as Level 2, and invests approximately 40% in equity securities, 40% in debt securities and 20% in other investments. The unquoted beneficial certificate of security investment trust included in the plan's pooled funds is classified as Level 3.

|                                 | In millions of yen |         |         |          |
|---------------------------------|--------------------|---------|---------|----------|
|                                 | March 31, 2024     |         |         |          |
|                                 | Level 1            | Level 2 | Level 3 | Total    |
| Cash and cash equivalents ..... | ¥ 2,579            | ¥ —     | ¥ —     | ¥ 2,579  |
| Equity securities               |                    |         |         |          |
| Japanese companies .....        | 6,393              | —       | —       | 6,393    |
| Foreign companies .....         | 1                  | —       | —       | 1        |
| Debt securities                 |                    |         |         |          |
| Government bonds .....          | —                  | —       | —       | —        |
| Non-government bonds .....      | —                  | —       | —       | —        |
| Pooled funds .....              | 3,611              | 68,396  | 61,606  | 133,613  |
| Call loans .....                | —                  | 2,475   | —       | 2,475    |
| Insurance contracts .....       | —                  | 20,042  | —       | 20,042   |
| Other .....                     | —                  | (1,044) | 436     | (608)    |
|                                 | ¥12,584            | ¥89,869 | ¥62,042 | ¥164,495 |

\* The pension investment trust fund included in the plan's pooled funds is classified as Level 2, and invests approximately 40% in equity securities, 40% in debt securities and 20% in other investments. The unquoted beneficial certificate of security investment trust included in the plan's pooled funds is classified as Level 3.

|                                 | In thousands of U.S. dollars |           |           |             |
|---------------------------------|------------------------------|-----------|-----------|-------------|
|                                 | March 31, 2025               |           |           |             |
|                                 | Level 1                      | Level 2   | Level 3   | Total       |
| Cash and cash equivalents ..... | \$58,340                     | \$ —      | \$ —      | \$ 58,340   |
| Equity securities               |                              |           |           |             |
| Japanese companies .....        | 10,267                       | —         | —         | 10,267      |
| Foreign companies .....         | 2,813                        | —         | —         | 2,813       |
| Debt securities                 |                              |           |           |             |
| Government bonds .....          | —                            | —         | —         | —           |
| Non-government bonds .....      | —                            | —         | —         | —           |
| Pooled funds .....              | 22,380                       | 457,693   | 409,847   | 889,920     |
| Call loans .....                | —                            | 3,340     | —         | 3,340       |
| Insurance contracts .....       | —                            | 103,007   | —         | 103,007     |
| Other .....                     | (240)                        | 387       | 1,846     | 1,993       |
|                                 | \$93,560                     | \$564,427 | \$411,693 | \$1,069,680 |

\* The pension investment trust fund included in the plan's pooled funds is classified as Level 2, and invests approximately 40% in equity securities, 40% in debt securities and 20% in other investments. The unquoted beneficial certificate of security investment trust included in the plan's pooled funds is classified as Level 3.

The following table represents the changes in Level 3 investments for the years ended March 31, 2025 and 2024.

Level 3 investments, mainly in unquoted certificates of beneficial interests in securities investment trust included in the plan's pooled funds, are at the discretion of the administrator of the fund. Their fair values are estimated based on unobservable inputs provided by the administrator of the fund.

|  | In millions of yen        |       |         |
|--|---------------------------|-------|---------|
|  | Year ended March 31, 2025 |       |         |
|  | Pooled funds              | Other | Total   |
| Balance at beginning of year .....           | ¥61,606                   | ¥436  | ¥62,042 |
| Actual return on plan assets:                |                           |       |         |
| Relating to assets sold during the year ...  | 2,015                     | —     | 2,015   |
| Relating to assets held at end of year ..... | (4,498)                   | 29    | (4,469) |
| Purchases, sales and settlements, net .....  | 2,354                     | (188) | 2,166   |
| Transfer to (from) Level 3, net .....        | —                         | —     | —       |
| Balance at end of year .....                 | ¥61,477                   | ¥277  | ¥61,754 |

|  | In millions of yen        |       |         |
|--|---------------------------|-------|---------|
|  | Year ended March 31, 2024 |       |         |
|  | Pooled funds              | Other | Total   |
| Balance at beginning of year .....           | ¥60,008                   | ¥403  | ¥60,411 |
| Actual return on plan assets:                |                           |       |         |
| Relating to assets sold during the year ...  | 72                        | 11    | 83      |
| Relating to assets held at end of year ..... | 5,635                     | 27    | 5,662   |
| Purchases, sales and settlements, net .....  | (4,109)                   | (5)   | (4,114) |
| Transfer to (from) Level 3, net .....        | —                         | —     | —       |
| Balance at end of year .....                 | ¥61,606                   | ¥436  | ¥62,042 |

|   | In thousands of U.S. dollars |                |                  |
|---|------------------------------|----------------|------------------|
|   | Year ended March 31, 2025    |                |                  |
|   | Pooled funds                 | Other          | Total            |
| Balance at beginning of year .....          | <b>\$410,707</b>             | <b>\$2,906</b> | <b>\$413,613</b> |
| Actual return on plan assets:               |                              |                |                  |
| Relating to assets sold during the year ... | <b>13,433</b>                | <b>—</b>       | <b>13,433</b>    |
| Relating to assets held at end of year..... | <b>(29,986)</b>              | <b>193</b>     | <b>(29,793)</b>  |
| Purchases, sales and settlements, net.....  | <b>15,693</b>                | <b>(1,253)</b> | <b>14,440</b>    |
| Transfer to (from) Level 3, net.....        | <b>—</b>                     | <b>—</b>       | <b>—</b>         |
| Balance at end of year .....                | <b>\$409,847</b>             | <b>\$1,846</b> | <b>\$411,693</b> |

The Company expects to contribute ¥5,468 million (\$36,453 thousand) to its domestic defined benefit plans in the year ending March 31, 2026.

The following benefit payments, which reflect future service, as appropriate, are expected to be paid.

| Years ending March 31 | In millions of yen | In thousands of U.S. dollars |
|-----------------------|--------------------|------------------------------|
| 2026 .....            | ¥ 6,606            | \$ 44,040                    |
| 2027 .....            | 6,592              | 43,947                       |
| 2028 .....            | 7,195              | 47,967                       |
| 2029 .....            | 7,802              | 52,013                       |
| 2030 .....            | 7,781              | 51,873                       |
| 2031–2035 .....       | 38,657             | 257,713                      |

The parent company and certain subsidiaries have defined contribution pension plans. The contributions to the defined contribution pension plans for the years ended March 31, 2025, 2024 and 2023 were ¥2,722 million (\$18,147 thousand), ¥2,453 million and ¥2,332 million, respectively.

#### 16. Exchange Gains and Losses

Other expense for the year ended March 31, 2025 includes net exchange losses of ¥89 million (\$593 thousand). Other income for the years ended March 31, 2024 and 2023 includes net exchange gains of ¥609 million and ¥348 million, respectively.

#### 17. Income Taxes

Total income taxes for the years ended March 31, 2025, 2024 and 2023 are allocated as follows:

|   | In millions of yen   |         |         | In thousands of U.S. dollars |
|---|----------------------|---------|---------|------------------------------|
|   | Years ended March 31 |         |         | Year ended March 31          |
|   | 2025                 | 2024    | 2023    | 2025                         |
| Consolidated income taxes from continuing operations.....           | <b>¥46,487</b>       | ¥58,213 | ¥49,456 | <b>\$309,913</b>             |
| Shareholders' equity—accumulated other comprehensive income (loss): |                      |         |         |                              |
| Unrealized gains on securities.....                                 | <b>74</b>            | 540     | (1,415) | <b>493</b>                   |
| Pension liability adjustments .....                                 | <b>(254)</b>         | 3,441   | 886     | <b>(1,693)</b>               |
| Foreign currency translation adjustments .....                      | <b>—</b>             | —       | 5       | <b>—</b>                     |
|   | <b>¥46,307</b>       | ¥62,194 | ¥48,932 | <b>\$308,713</b>             |

The parent company and its domestic subsidiaries are subject to a number of income taxes. The statutory income tax rate in Japan was approximately 30.5 percent for the years ended March 31, 2023 and 2024, decreased to approximately 30.4 percent for the year ended March 31, 2025.

Reconciliations of the differences between income taxes computed at statutory tax rates and consolidated income taxes from continuing operations are as follows:

|  | In millions of yen   |         |         | In thousands of U.S. dollars |
|--|----------------------|---------|---------|------------------------------|
|  | Years ended March 31 |         |         | Year ended March 31          |
|  | 2025                 | 2024    | 2023    | 2025                         |
| Income taxes computed at statutory tax rate.....           | <b>¥46,693</b>       | ¥58,167 | ¥49,715 | <b>\$311,287</b>             |
| Increase (decrease) resulting from:                        |                      |         |         |                              |
| Per capita tax .....                                       | <b>1,111</b>         | 1,114   | 1,105   | <b>7,407</b>                 |
| Reversal of valuation allowance.....                       | <b>1,103</b>         | (233)   | (1,760) | <b>7,353</b>                 |
| Provision of valuation allowance.....                      | <b>875</b>           | 319     | 285     | <b>5,833</b>                 |
| Net effect of changes in corporate tax rates.....          | <b>182</b>           | 17      | (17)    | <b>1,214</b>                 |
| Other, net .....   | <b>(3,477)</b>       | (1,171) | 128     | <b>(23,181)</b>              |
| Consolidated income taxes from continuing operations ..... | <b>¥46,487</b>       | ¥58,213 | ¥49,456 | <b>\$309,913</b>             |

The significant components of deferred tax assets and liabilities at March 31, 2025 and 2024 are as follows:

|  | In millions of yen |            | In thousands of U.S. dollars |
|--|--------------------|------------|------------------------------|
|  | March 31           |            | March 31                     |
|  | 2025               | 2024       | 2025                         |
| Deferred tax assets:                                   |                    |            |                              |
| Operating lease liabilities .....                      | <b>¥ 41,904</b>    | ¥ 43,238   | <b>\$279,360</b>             |
| Vacation accrual.....                                  | <b>10,283</b>      | 6,056      | <b>68,553</b>                |
| Accrued pension and severance costs .....              | <b>7,758</b>       | 8,095      | <b>51,720</b>                |
| Accrued bonus.....                                     | <b>7,315</b>       | 7,034      | <b>48,767</b>                |
| Adjustment of book value at the date of acquisition    |                    |            |                              |
| Land and buildings.....                                | <b>5,460</b>       | 5,347      | <b>36,400</b>                |
| Other assets .....                                     | <b>391</b>         | 389        | <b>2,607</b>                 |
| Property, plant and equipment .....                    | <b>4,915</b>       | 6,613      | <b>32,766</b>                |
| Loss carryforwards.....                                | <b>4,108</b>       | 3,478      | <b>27,387</b>                |
| Unrealized intra-entity profit on asset transfer ..... | <b>2,587</b>       | 2,409      | <b>17,247</b>                |
| Intangible assets.....                                 | <b>1,969</b>       | 1,789      | <b>13,127</b>                |
| Allowance for credit losses .....                      | <b>1,656</b>       | 1,775      | <b>11,040</b>                |
| Deferred revenue .....                                 | <b>339</b>         | 887        | <b>2,260</b>                 |
| Other .....  | <b>19,422</b>      | 17,839     | <b>129,480</b>               |
| Gross deferred tax assets .....                        | <b>108,107</b>     | 104,949    | <b>720,714</b>               |
| Less: Valuation allowance.....                         | <b>(16,493)</b>    | (14,934)   | <b>(109,953)</b>             |
| Total deferred tax assets.....                         | <b>91,614</b>      | 90,015     | <b>610,761</b>               |
| Deferred tax liabilities:                              |                    |            |                              |
| Operating lease right-of-use assets.....               | <b>(41,409)</b>    | (42,840)   | <b>(276,060)</b>             |
| Prepaid pension and severance cost .....               | <b>(22,155)</b>    | (20,909)   | <b>(147,700)</b>             |
| Unrealized gains on securities .....                   | <b>(17,149)</b>    | (15,995)   | <b>(114,327)</b>             |
| Investments in affiliated companies .....              | <b>(10,456)</b>    | (10,143)   | <b>(69,707)</b>              |
| Adjustment of book value at the date of acquisition    |                    |            |                              |
| Intangible assets.....                                 | <b>(6,818)</b>     | (7,547)    | <b>(45,453)</b>              |
| Land and buildings.....                                | <b>(2,826)</b>     | (2,976)    | <b>(18,840)</b>              |
| Other assets .....                                     | <b>(721)</b>       | (699)      | <b>(4,807)</b>               |
| Deferred installation costs.....                       | <b>(160)</b>       | (555)      | <b>(1,067)</b>               |
| Other .....  | <b>(12,151)</b>    | (9,051)    | <b>(81,007)</b>              |
| Gross deferred tax liabilities ....                    | <b>(113,845)</b>   | (110,715)  | <b>(758,968)</b>             |
| Net deferred tax assets (liabilities).....             | <b>(¥ 22,231)</b>  | (¥ 20,700) | <b>(\$148,207)</b>           |

The valuation allowance principally relates to deferred tax assets of subsidiaries with operating loss carryforwards, for tax purposes, that are not expected to be realized. The net change in the total valuation allowance for the years ended March 31, 2025, 2024 and 2023 was a increase of ¥1,559 million (\$10,393 thousand), and a decrease of ¥255 million and a decrease of ¥1,195 million, respectively.

In assessing the realizability of deferred tax assets, the Company's management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. The Company's management considered the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the

deferred tax assets are deductible, the Company's management believes it is more likely than not that the Company will realize the benefits of these deductible differences, net of the existing valuation allowance at March 31, 2025 and 2024.

Net deferred tax assets (liabilities) at March 31, 2025 and 2024 are reflected in the accompanying consolidated balance sheets under the following captions:

|  | In millions of yen |           | In thousands of U.S. dollars |
|--|--------------------|-----------|------------------------------|
|  | March 31           |           | March 31                     |
|  | 2025               | 2024      | 2025                         |
| Deferred income taxes (Other assets) .....         | <b>¥15,846</b>     | ¥13,674   | <b>\$105,640</b>             |
| Deferred income taxes (Long-term liabilities)..... | <b>(38,077)</b>    | (34,374)  | <b>(253,847)</b>             |
| Net deferred tax assets (liabilities).....         | <b>(¥22,231)</b>   | (¥20,700) | <b>(\$148,207)</b>           |

At March 31, 2025, the operating loss carryforwards of domestic subsidiaries amounted to ¥7,233 million (\$48,220 thousand) and are available for offsetting against future taxable earnings of such subsidiaries for up to ten years, as follows:

| Expires in the years ending March 31 | In millions of yen | In thousands of U.S. dollars |
|--------------------------------------|--------------------|------------------------------|
| 2026 .....                           | ¥ 631              | \$ 4,207                     |
| 2027 .....                           | 360                | 2,400                        |
| 2028 .....                           | —                  | —                            |
| 2029 .....                           | 68                 | 453                          |
| 2030 .....                           | 107                | 713                          |
| 2031 .....                           | 1,025              | 6,833                        |
| 2032 .....                           | 379                | 2,527                        |
| 2033 .....                           | 530                | 3,533                        |
| 2034 .....                           | 2,076              | 13,840                       |
| 2035 .....                           | 2,057              | 13,714                       |
|                                      | ¥7,233             | \$48,220                     |

The operating loss carryforwards of overseas subsidiaries at March 31, 2025 amounted to ¥7,290 million (\$48,600 thousand), a part of which will begin to expire in the year ending March 31, 2025.

The total amount of unrecognized tax benefits for the years ended March 31, 2025, 2024 and 2023 was insignificant. Also, there were no significant movements in the gross amounts of unrealized tax benefits and the amounts of interest and penalties recognized due to the unrecognized tax benefits during the years ended March 31, 2025, 2024 and 2023.

Although the Company believes its estimates of unrecognized tax benefits are reasonable, uncertainties regarding the final determination of income tax audit settlements and any related litigation could affect the total amount of unrecognized tax benefits in future periods. Based on the information available as of March 31, 2025, the Company does not expect significant changes to the unrecognized tax benefits within the next 12 months.

The Company files tax returns in Japan and various foreign jurisdictions. In Japan, the Company is no longer subject to regular income tax examinations by the tax authorities for years before 2012. In other foreign tax jurisdictions, major subsidiaries are no longer subject to income tax examinations by tax authorities for years before 2023, with some exceptions.



18. Shareholders' Equity

(1) Additional Paid-In Capital

The change in additional paid-in capital includes the effect of changes in the Company's ownership interest in its consolidated subsidiaries.

The net income attributable to SECOM CO., LTD. and transfers from (to) noncontrolling interests for the years ended March 31, 2025, 2024 and 2023 are as follows:

|  | In millions of yen   |          |          | In thousands of U.S. dollars |
|--|----------------------|----------|----------|------------------------------|
|  | Years ended March 31 | 2024     | 2023     | Year ended March 31          |
|  | 2025                 |          |          | 2025                         |
| Net income attributable to SECOM CO., LTD.....   | ¥101,068             | ¥125,884 | ¥111,558 | \$673,787                    |
| Net transfers from (to) noncontrolling interests...  | (7,316)              | (3,257)  | 60       | (48,773)                     |
| Change from net income attributable to SECOM CO., LTD. and transfers from (to) noncontrolling interests..... | ¥ 93,752             | ¥122,627 | ¥111,618 | \$625,014                    |

(2) Retained Earnings

The Japanese Companies Act provides that an amount equal to 10 percent of surplus distributed by the parent company and its Japanese subsidiaries be appropriated as a legal reserve until the aggregate amount of additional paid-in capital and legal reserve equals 25 percent of the common stock account.

The amount available for dividends under the Japanese Companies Act is based on the amount recorded in the parent company's non-consolidated statutory financial statements in accordance with Japanese GAAP. Such amount was ¥711,241 million (\$4,741,607 thousand) at March 31, 2025.

Subsequent to March 31, 2025, the parent company's Board of Directors declared a year-end cash dividend of ¥50 (\$0.33) per share, totaling ¥20,784 million (\$138,560 thousand), to shareholders of record on March 31, 2025. The dividend declared was approved at the general shareholders' meeting held on June 26, 2025. Dividends are recorded in the year they are declared.

The Company has made it a basic policy to distribute dividends twice a year, the interim dividend whose record date is September 30 each year and commenced from the year ended March 31, 2015, and the year-end dividend whose record date is March 31 each year. The interim dividend is determined by the Board of Directors and the year-end dividend is determined by the General Meeting of Shareholders.

Cash dividends per share are computed based on dividends paid for the year.

(3) Common Stock in Treasury

The Company may repurchase its common stock from the market pursuant to the Japanese Companies Act. There are certain restrictions on payment of dividends in connection with the treasury stock repurchased.

(4) Other Comprehensive Income (Loss)

Components of other comprehensive income (loss) for the years ended March 31, 2025, 2024 and 2023 are as follows:

|   | In millions of yen |                          |                   |
|---|--------------------|--------------------------|-------------------|
|   | Pre-tax amount     | Tax (expense) or benefit | Net-of-tax amount |
| For the year ended March 31, 2025:  |                    |                          |                   |
| Unrealized gains on securities—   |                    |                          |                   |
| Unrealized gains or losses arising during the period.....                         | (¥ 408)            | ¥ 90                     | (¥ 318)           |
| Less: Reclassification adjustment for gains or losses realized in net income..... | 609                | (164)                    | 445               |
| Pension liability adjustments—  |                    |                          |                   |
| Unrealized gains or losses arising during the period.....                         | (1,455)            | 248                      | (1,207)           |
| Less: Reclassification adjustment for gains or losses realized in net income..... | (61)               | 6                        | (55)              |
| Foreign currency translation adjustments—   |                    |                          |                   |
| Unrealized gains or losses arising during the period.....                         | 16,992             | —                        | 16,992            |
| Less: Reclassification adjustment for gains or losses realized in net income..... | —                  | —                        | —                 |
| Other comprehensive income (loss).....  | ¥15,677            | ¥180                     | ¥15,857           |

For the year ended March 31, 2024:

|   |         |          |         |
|---|---------|----------|---------|
| Unrealized gains on securities—   |         |          |         |
| Unrealized gains or losses arising during the period.....                         | ¥ 2,815 | (¥ 763)  | ¥ 2,052 |
| Less: Reclassification adjustment for gains or losses realized in net income..... | (887)   | 223      | (664)   |
| Pension liability adjustments—  |         |          |         |
| Unrealized gains or losses arising during the period.....                         | 10,326  | (3,370)  | 6,956   |
| Less: Reclassification adjustment for gains or losses realized in net income..... | 145     | (71)     | 74      |
| Foreign currency translation adjustments—   |         |          |         |
| Unrealized gains or losses arising during the period.....                         | 12,673  | —        | 12,673  |
| Less: Reclassification adjustment for gains or losses realized in net income..... | (293)   | —        | (293)   |
| Other comprehensive income (loss).....  | ¥24,779 | (¥3,981) | ¥20,798 |

|   | In millions of yen |                          |                   |
|---|--------------------|--------------------------|-------------------|
|   | Pre-tax amount     | Tax (expense) or benefit | Net-of-tax amount |
| For the year ended March 31, 2023:  |                    |                          |                   |
| Unrealized gains on securities—   |                    |                          |                   |
| Unrealized gains or losses arising during the period.....                         | (¥ 3,179)          | ¥914                     | (¥ 2,265)         |
| Less: Reclassification adjustment for gains or losses realized in net income..... | (1,880)            | 501                      | (1,379)           |
| Pension liability adjustments—  |                    |                          |                   |
| Unrealized gains or losses arising during the period.....                         | 2,879              | (704)                    | 2,175             |
| Less: Reclassification adjustment for gains or losses realized in net income..... | 723                | (182)                    | 541               |
| Foreign currency translation adjustments—   |                    |                          |                   |
| Unrealized gains or losses arising during the period.....                         | 16,895             | —                        | 16,895            |
| Less: Reclassification adjustment for gains or losses realized in net income..... | (5)                | (5)                      | (10)              |
| Other comprehensive income (loss).....  | ¥15,433            | ¥524                     | ¥15,957           |

|   | In thousands of U.S. dollars |                          |                   |
|---|------------------------------|--------------------------|-------------------|
|   | Pre-tax amount               | Tax (expense) or benefit | Net-of-tax amount |
| For the year ended March 31, 2025:  |                              |                          |                   |
| Unrealized gains on securities—   |                              |                          |                   |
| Unrealized gains or losses arising during the period.....                         | (\$ 2,720)                   | \$ 600                   | (\$ 2,120)        |
| Less: Reclassification adjustment for gains or losses realized in net income..... | 4,060                        | (1,093)                  | 2,967             |
| Pension liability adjustments—  |                              |                          |                   |
| Unrealized gains or losses arising during the period.....                         | (9,699)                      | 1,653                    | (8,046)           |
| Less: Reclassification adjustment for gains or losses realized in net income..... | (407)                        | 40                       | (367)             |
| Foreign currency translation adjustments—   |                              |                          |                   |
| Unrealized gains or losses arising during the period.....                         | 113,279                      | —                        | 113,279           |
| Less: Reclassification adjustment for gains or losses realized in net income..... | —                            | —                        | —                 |
| Other comprehensive income (loss).....  | \$104,513                    | \$1,200                  | \$105,713         |

Reclassification adjustments for gains or losses realized in net income (pre-tax amount) included in the consolidated statements of income for the years ended March 31, 2025, 2024 and 2023 are as follows:

|   | In millions of yen   |          |          | In thousands of U.S. dollars |
|---|----------------------|----------|----------|------------------------------|
|   | Years ended March 31 | 2024     | 2023     | Year ended March 31          |
|   | 2025                 |          |          | 2025                         |
| Unrealized gains on securities—                                       |                      |          |          |                              |
| Net sales and operating revenue .....                                 | ¥517                 | (¥2,025) | (¥2,050) | \$3,447                      |
| Gain and loss on sales of securities, net .....                       | (92)                 | (1,138)  | (170)    | (613)                        |
| Loss on other-than-temporary impairment of investment securities..... | 184                  | 2,276    | 340      | 1,226                        |
| Pension liability adjustments—  |                      |          |          |                              |
| Net periodic pension and severance costs (Note 15).....               | (35)                 | 214      | 473      | (233)                        |
| Equity in net income of affiliated companies .....                    | (26)                 | (69)     | 250      | (174)                        |
| Foreign currency translation adjustments—                             |                      |          |          |                              |
| Gain and loss on sales of securities, net .....                       | —                    | (293)    | (5)      | —                            |

19. Leases as lessee

The Company leases certain office space, employee residential facilities, equipment for armored car services and transportation equipment. Some leased buildings, and equipment for armored car services and transportation equipment are held under finance leases. Other leases are classified as operating leases.

A summary of leased assets under finance leases at March 31, 2025 and 2024 is as follows:

|   | In millions of yen |          | In thousands of U.S. dollars |
|---|--------------------|----------|------------------------------|
|   | March 31           |          | March 31                     |
|   | 2025               | 2024     | 2025                         |
| Buildings and improvements.....                 | ¥21,734            | ¥21,650  | \$144,893                    |
| Machinery, equipment and automobiles .....      | 32,581             | 34,944   | 217,207                      |
| Other intangible assets.....                    | 1,102              | 1,263    | 7,347                        |
| Accumulated depreciation and amortization ..... | (25,284)           | (26,325) | (168,560)                    |
|   | ¥30,133            | ¥31,532  | \$200,887                    |

Depreciation and amortization expenses for assets under finance leases for the years ended March 31, 2025, 2024 and 2023 were ¥7,782 million (\$51,880 thousand), ¥7,987 million and ¥8,073 million, respectively.

The following is a schedule by year of future minimum lease payments under finance leases and the present value of the net minimum lease payments at March 31, 2025:

| Years ending March 31                                      | In millions of yen | In thousands of U.S. dollars |
|--|--------------------|------------------------------|
| 2026.....  | ¥ 7,587            | \$ 50,580                    |
| 2027.....  | 5,805              | 38,700                       |
| 2028.....  | 4,447              | 29,647                       |
| 2029.....  | 3,118              | 20,787                       |
| 2030.....  | 1,991              | 13,273                       |
| Thereafter.....  | 28,635             | 190,900                      |
| Total minimum lease payments.....                          | 51,583             | 343,887                      |
| Less: Amount representing interest.....                    | (18,683)           | (124,553)                    |
| Present value of net minimum lease payments (Note 13)..... | 32,900             | 219,334                      |
| Less: Current portion.....                                 | (6,644)            | (44,293)                     |
| Long-term finance lease obligations.....                   | ¥26,256            | \$ 175,041                   |

Operating lease expenses for the years ended March 31, 2025 and 2024 were ¥27,038 million (\$180,253 thousand) and ¥25,625 million, respectively.

Supplemental cash flow information is as follows:

|   | In millions of yen   | In thousands of U.S. dollars |
|---|----------------------|------------------------------|
|   | Years ended March 31 | Year ended March 31          |
|   | 2025                 | 2024                         |
| Cash paid for amounts included in the measurement of operating lease liabilities..... | ¥68,590              | ¥86,215                      |
| Right of use assets obtained in exchange for operating lease liabilities.....         | 54,628               | 93,356                       |

The following is a schedule by year of the future minimum lease payments under operating leases at March 31, 2025:

| Years ending March 31                            | In millions of yen | In thousands of U.S. dollars |
|--|--------------------|------------------------------|
| 2026.....  | ¥ 23,399           | \$155,993                    |
| 2027.....  | 16,292             | 108,613                      |
| 2028.....  | 10,986             | 73,240                       |
| 2029.....  | 9,383              | 62,553                       |
| 2030.....  | 8,412              | 56,080                       |
| Thereafter.....                                  | 85,453             | 569,688                      |
| Total minimum lease payments.....                | 153,925            | 1,026,167                    |
| Less: Amount representing interest.....          | (20,035)           | (133,567)                    |
| Present value of net minimum lease payments..... | ¥133,890           | \$ 892,600                   |

The following is remaining lease term and discount rate under operating leases at March 31, 2025 and 2024:

|   | March 31, 2025 | March 31, 2024 |
|---|----------------|----------------|
| Weighted-average remaining lease term.. | 184 months     | 184 months     |
| Weighted-average discount rate.....     | 1.37%          | 1.36%          |

20. Leases as lessor

The Company’s leasing operations consist principally of leasing of security merchandise, security systems and real estate for offices and medical institutions. Most of the security merchandise and security systems on lease are classified as sales-type leases or direct-financing leases. Other leases are classified as operating leases.

A summary of lease receivables under sales-type and direct-financing leases at March 31, 2025 and 2024 is as follows:

|  | In millions of yen | In thousands of U.S. dollars |
|--|--------------------|------------------------------|
|  | March 31           | March 31                     |
|  | 2025               | 2024                         |
| Total minimum lease payments to be received..... | ¥60,007            | ¥57,639                      |
| Estimated executory cost.....                    | (5,733)            | (5,162)                      |
| Unearned income.....                             | (3,745)            | (3,879)                      |
| Lease receivables, net.....                      | 50,529             | 48,598                       |
| Less: Current portion.....                       | (15,823)           | (15,398)                     |
| Long-term lease receivables, net...              | ¥34,706            | ¥33,200                      |

The following is a schedule by year of future minimum lease payments to be received under sales-type leases and direct-financing leases at March 31, 2025:

| Years ending March 31                                   | In millions of yen | In thousands of U.S. dollars |
|---|--------------------|------------------------------|
| 2026.....   | ¥18,078            | \$120,520                    |
| 2027.....   | 14,636             | 97,573                       |
| 2028.....   | 11,524             | 76,827                       |
| 2029.....   | 8,298              | 55,320                       |
| 2030.....   | 4,374              | 29,160                       |
| Thereafter.....   | 3,097              | 20,647                       |
| Total future minimum lease payments to be received..... | ¥60,007            | \$400,047                    |

A summary of investment in property under operating leases and property held for lease at March 31, 2025 and 2024 is as follows:

|  | In millions of yen | In thousands of U.S. dollars |
|--|--------------------|------------------------------|
|  | March 31           | March 31                     |
|  | 2025               | 2024                         |
| Land.....                                      | ¥42,560            | ¥43,526                      |
| Buildings and improvements.....                | 33,911             | 34,061                       |
| Other intangible assets.....                   | 1,038              | 1,038                        |
| Accumulated depreciation and amortization..... | (16,142)           | (15,454)                     |
|  | ¥61,367            | ¥63,171                      |

The future minimum rentals under noncancelable operating leases at March 31, 2025 are as follows:

| Years ending March 31             | In millions of yen | In thousands of U.S. dollars |
|-----------------------------------|--------------------|------------------------------|
| 2026.....                         | ¥3,094             | \$20,627                     |
| 2027.....                         | 726                | 4,840                        |
| 2028.....                         | 392                | 2,613                        |
| 2029.....                         | 246                | 1,640                        |
| 2030.....                         | 236                | 1,573                        |
| Thereafter.....                   | 2,005              | 13,367                       |
| Total future minimum rentals..... | ¥6,699             | \$44,660                     |

21. Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of financial instruments in cases for which it is practicable. The three levels of inputs used to measure fair value are more fully described in Note 22.

(1) Cash and Cash Equivalents; Time Deposits; Cash Deposits for armored car services; Notes and Accounts Receivable, Trade; Due from Subscribers; Short-Term Receivables; Bank Loans; Notes and Accounts Payable, Trade; Other Payables; Deposits Received; Accrued Income Taxes; and Accrued Payroll

The carrying amounts approximate fair value because of the short-term maturities of such instruments.

(2) Short-Term Investments; Investment Securities

The fair values of short-term investments and investment securities are principally based on quoted market prices.

(3) Long-Term Receivables Including Current Portion

Long-term receivables, including the current portion, are classified as Level 2 and fair value is estimated based on the present value of future cash flows through estimated maturity, discounted using estimated market discount rates.

(4) Long-Term Debt Including Current Portion

Long-term debt, including the current portion, is classified as Level 2 and fair value is estimated based on the present value of future cash flows of each instrument discounted using the Company’s current incremental borrowing rates for similar liabilities.

(5) Investment Deposits by Policyholders

The fair values of investment deposits by policyholders are classified as Level 3 and estimated based on the present value of future cash flows, discounted using the interest rates currently being offered for similar contracts.

(6) Derivatives

The fair values of derivatives are estimated using current market pricing models by obtaining quotes from financial institutions.

The carrying amounts and estimated fair values of financial instruments, excluding, debt and equity securities, which are disclosed in Notes 2 (7) and 7, at March 31, 2025 and 2024 are as follows:

|   | In millions of yen |                      |                 |                      |
|---|--------------------|----------------------|-----------------|----------------------|
|   | 2025               |                      | 2024            |                      |
|   | Carrying amount    | Estimated fair value | Carrying amount | Estimated fair value |
| Non-derivatives:  |                    |                      |                 |                      |
| Assets—   |                    |                      |                 |                      |
| Long-term receivables including current portion (Less allowance for credit losses)..... | ¥52,507            | ¥51,788              | ¥50,601         | ¥50,463              |
| Liabilities—  |                    |                      |                 |                      |
| Long-term debt including current portion.....   | 59,866             | 59,812               | 62,760          | 62,754               |
| Investment deposits by policyholders.....   | 9,437              | 9,473                | 11,804          | 11,967               |
| Derivatives:  |                    |                      |                 |                      |
| Assets—   |                    |                      |                 |                      |
| Interest rate swaps (Other investments).....  | 7                  | 7                    | 1               | 1                    |
| Liabilities—  |                    |                      |                 |                      |
| Interest rate swaps (Other long-term liabilities).....                                  | —                  | —                    | —               | —                    |

|   | In thousands of U.S. dollars |                      |
|---|------------------------------|----------------------|
|   | March 31, 2025               |                      |
|   | Carrying amount              | Estimated fair value |
| Non-derivatives:  |                              |                      |
| Assets—   |                              |                      |
| Long-term receivables including current portion (Less allowance for credit losses)..... | \$350,047                    | \$345,253            |
| Liabilities—  |                              |                      |
| Long-term debt including current portion.....   | 399,107                      | 398,747              |
| Investment deposits by policyholders.....   | 62,913                       | 63,153               |
| Derivatives:  |                              |                      |
| Assets—   |                              |                      |
| Interest rate swaps (Other investments).....  | 47                           | 47                   |
| Liabilities—  |                              |                      |
| Interest rate swaps (Other long-term liabilities).....                                  | —                            | —                    |

Limitation:

Fair value estimates are made at a specific point in time based on relevant market information and information about financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

22. Fair Value Measurements

ASC 820, “Fair Value Measurements and Disclosures,” defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. This accounting standard establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value as follows:

- Level 1—

Inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2—

Inputs are quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3—

Inputs are derived from valuation techniques in which one or more significant inputs or value drivers are unobservable, which reflect the reporting entity’s own assumptions about the assumptions that market participants would use in establishing a price.

The following table represents the Company’s assets and liabilities that are measured at fair value on a recurring basis at March 31, 2025 and 2024. Transfers between levels are recognized at the end of the respective reporting periods.

| In millions of yen                                     |          |         |         |          |  |
|--|----------|---------|---------|----------|--|
| March 31, 2025   |          |         |         |          |  |
|  | Level 1  | Level 2 | Level 3 | Total    |  |
| Assets:  |          |         |         |          |  |
| Cash equivalents.....                                  | ¥ 9,689  | ¥ —     | ¥ —     | ¥ 9,689  |  |
| Short-term investments and investment securities ..... | 138,202  | 98,693  | 68,454  | 305,349  |  |
| Total assets .....                                     | ¥147,891 | ¥98,693 | ¥68,454 | ¥315,038 |  |
| Liabilities:   |          |         |         |          |  |
| Derivatives (Other long-term liabilities).....         | ¥ —      | ¥ 7     | ¥ —     | ¥ 7      |  |
| Total liabilities.....                                 | ¥ —      | ¥ 7     | ¥ —     | ¥ 7      |  |

| In millions of yen                                     |          |         |         |          |  |
|--|----------|---------|---------|----------|--|
| March 31, 2024   |          |         |         |          |  |
|  | Level 1  | Level 2 | Level 3 | Total    |  |
| Assets:  |          |         |         |          |  |
| Cash equivalents.....                                  | ¥ 7,278  | ¥ —     | ¥ —     | ¥ 7,278  |  |
| Short-term investments and investment securities ..... | 135,733  | 99,329  | 50,902  | 285,964  |  |
| Total assets .....                                     | ¥143,011 | ¥99,329 | ¥50,902 | ¥293,242 |  |
| Liabilities:   |          |         |         |          |  |
| Derivatives (Other long-term liabilities).....         | ¥ —      | ¥ —     | ¥ —     | ¥ —      |  |
| Total liabilities.....                                 | ¥ —      | ¥ —     | ¥ —     | ¥ —      |  |

| In thousands of U.S. dollars                           |           |           |           |             |  |
|--|-----------|-----------|-----------|-------------|--|
| March 31, 2025   |           |           |           |             |  |
|  | Level 1   | Level 2   | Level 3   | Total       |  |
| Assets:  |           |           |           |             |  |
| Cash equivalents.....                                  | \$ 64,593 | \$ —      | \$ —      | \$ 64,593   |  |
| Short-term investments and investment securities ..... | 921,347   | 657,953   | 456,360   | 2,035,660   |  |
| Total assets .....                                     | \$985,940 | \$657,953 | \$456,360 | \$2,100,253 |  |
| Liabilities:   |           |           |           |             |  |
| Derivatives (Other long-term liabilities).....         | \$ —      | \$ 47     | \$ —      | \$ 47       |  |
| Total liabilities.....                                 | \$ —      | \$ 47     | \$ —      | \$ 47       |  |

Cash Equivalents

All highly liquid investments with initial maturities of three months or less are considered to be cash equivalents, and classified as Level 1 assets are valued using unadjusted quoted market prices in active markets with sufficient volume and frequency of transactions.

Short-Term Investments and Investment Securities

Equity securities and debt securities classified as Level 1 assets are valued using unadjusted quoted market prices in active markets with sufficient volume and frequency of transactions.

Level 2 assets comprise principally debt securities, which are valued using quoted prices for similar assets in active markets, or quoted prices for identical or similar assets in markets that are not active.

Non-marketable securities classified as Level 3 assets are valued based on unobservable inputs as the market for the assets was not active at the measurement date. The fair value is determined by using a valuation technique, such as the discounted cash flow model, which best reflects the nature, characteristics and risks of each asset. These significant unobservable inputs contain discount rates, exit timing and an EBITDA multiple. An increase (decrease) in the discount rates, the later (earlier) exit and a decrease (increase) in the EBITDA multiple would result in a decrease (increase) in the fair value of non-marketable securities.

The Company’s Level 3 investment securities that are measured at fair value on a recurring basis at March 31, 2025 and 2024, amounting to ¥68,454 million (\$456,360 thousand) and ¥50,902 million, respectively, are primarily private equity investments. The valuation technique and significant unobservable inputs are as follows:

| March 31, 2025        |   |                                 |
|-----------------------|---|---------------------------------|
| Valuation technique   | Significant unobservable inputs                 | Range                           |
| Discounted cash flows | Discount rate<br>Exit timing<br>EBITDA multiple | 20%–30%<br>2025–2027<br>5x–9x   |
| March 31, 2024        |   |                                 |
| Valuation technique   | Significant unobservable inputs                 | Range                           |
| Discounted cash flows | Discount rate<br>Exit timing<br>EBITDA multiple | 20%–30%<br>2024–2025<br>5x–7.5x |

Derivative Financial Investments

Derivative financial instruments comprise interest rate swaps. These derivative instruments are valued using observable market data and classified as Level 2 liabilities.

The following table represents the changes in Level 3 assets measured on a recurring basis for the years ended March 31, 2025 and 2024.

|  | In millions of yen   | In thousands of U.S. dollars |           |
|--|----------------------|------------------------------|-----------|
|  | Years ended March 31 | Year ended March 31          |           |
|  | 2025                 | 2024                         | 2025      |
| Balance at beginning of year .....   | ¥50,902              | ¥30,706                      | \$339,347 |
| Total gains or losses (realized and unrealized):   |                      |                              |           |
| Included in earnings .....   | 12,016               | 17,630                       | 80,107    |
| Included in other comprehensive income.....  | —                    | —                            | —         |
| Purchases .....  | 44                   | 766                          | 293       |
| Sales .....  | —                    | —                            | —         |
| Redemptions .....  | —                    | —                            | —         |
| Cancellation of contract.....  | —                    | —                            | —         |
| Foreign currency translation adjustments .....   | 5,492                | 1,800                        | 36,613    |
| Balance at end of year .....   | ¥68,454              | ¥50,902                      | \$456,360 |
| Changes in unrealized gains or losses relating to instruments still held at end of year: |                      |                              |           |
| Included in earnings .....   | ¥12,016              | ¥17,628                      | \$ 80,107 |

Total gains or losses (realized or unrealized) related to short-term investments and investment securities are primarily included in net sales and operating revenue or gain/loss on private equity investments, in the consolidated statements of income.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

For the year ended March 31, 2025, non-marketable equity securities with a carrying amount of ¥6,586 million (\$43,907 thousand) were written down to their fair value of ¥6,240 million (\$41,600 thousand), resulting in an other-than-temporary impairment charge of ¥346 million (\$2,307 thousand), which was included in earnings. For the year ended March 31, 2024, non-marketable equity securities with a carrying amount of ¥6,621 million were written down to their fair value of ¥6,408 million, resulting in an other-than-temporary impairment charge of ¥213 million, which was included in earnings. All impaired non-marketable equity securities were classified as Level 3 assets as the Company uses unobservable inputs such as future cash flows to value these investments.

Long-lived assets (Note 11) and goodwill (Note 12) are also measured at fair value on a nonrecurring basis. All impaired long-lived assets and goodwill were classified as Level 3 assets as the Company uses unobservable inputs to value these assets. These Level 3 assets are not significant.

23. Derivative Financial Instruments

(1) Risk Management Policy

The Company utilizes derivative financial instruments in the normal course of business to reduce exposure to fluctuations in interest rates. The Company assesses interest rate risk by continually monitoring changes in the exposure and by evaluating hedging opportunities. The Company does not hold or issue derivative financial instruments for trading purposes. The Company is also exposed to credit-related losses in the event of non-performance by counterparties to derivative financial instruments, but it is not expected that any counterparties will fail to meet their obligations, because most of the counterparties are internationally recognized financial institutions and contracts are diversified amongst a number of major financial institutions.

(2) Risk Management

The Company has exposure to the market risk of changes in interest rates which relates primarily to its debt obligations. The Company principally enters into interest rate swap agreements to manage fluctuations in cash flows resulting from changes in interest rates. Interest rate swaps are used to change floating rates on debt obligations to fixed rates by entering into receive-floating, pay-fixed interest rate swaps under which the Company receives floating interest rate proceeds and makes fixed interest rate payments, thereby effectively creating fixed-rate debt.

(3) Cash Flow Hedges

The Company designates interest rate swap agreements as cash flow hedges for variability of cash flows originating from floating rate borrowings. The effective portion of changes in fair values of derivative instruments designated as cash flow hedges of these debt obligations are reported in other comprehensive income (loss). These amounts are reclassified into current income in the same period that hedged items affect current income. The ineffective portion of changes in fair values are reported in income immediately.

(4) Derivative Instruments Not Designated as Hedges

The Company enters into interest rate swap agreements to reduce exposure to fluctuations in interest rates relating primarily to debt obligations and other agreements. Changes in fair value of these derivative financial instruments, which are not designated as hedges, are reported in current income.

Fair values of derivative instruments reflected in the consolidated balance sheets as of March 31, 2025 and 2024 are as follows:

|                     |                             | In millions of yen |          | In thousands of U.S. dollars |
|---------------------|-----------------------------|--------------------|----------|------------------------------|
|                     |                             | March 31           | March 31 |                              |
|                     |                             | 2025               | 2024     | 2025                         |
| Assets:             |                             |                    |          |                              |
| Interest rate swaps | Other investments           | ¥ 7                | ¥ 1      | \$47                         |
| Liabilities:        |                             |                    |          |                              |
| Interest rate swaps | Other long-term liabilities | ¥—                 | ¥—       | \$ —                         |

Effects of derivative instruments on the consolidated statements of income for the years ended March 31, 2025, 2024 and 2023 are as follows:

|                     |              | In millions of yen   |                     | In thousands of U.S. dollars |
|---------------------|--------------|----------------------|---------------------|------------------------------|
|                     |              | Years ended March 31 | Year ended March 31 |                              |
|                     |              | 2025                 | 2024                | 2023                         |
| Location            |              | 2025                 | 2024                | 2023                         |
| Interest rate swaps | Other income | ¥6                   | ¥0                  | ¥2                           |
|                     |              |                      |                     | \$38                         |



24. Commitments and Contingent Liabilities

The Company has commitments outstanding at March 31, 2025 for the purchase of property, plant and equipment of approximately ¥10,085 million (\$67,233 thousand).

The Company provides guarantees to third parties mainly with respect to bank loans extended to its affiliated companies and other entities. Such guarantees are provided to enhance the credit standing of the affiliated companies and other entities. For each guarantee provided, the Company would have to perform under the guarantee if the affiliated companies and other entities default on a payment within the guaranteed period of one to five years. The maximum amount of undiscounted payments the Company would have to make in the event of default amounts to ¥182 million (\$1,213 thousand) at March 31, 2025. The carrying amounts of the liabilities recognized as the Company's obligations under these guarantees at March 31, 2025 and 2024 were deemed insignificant.

It is not anticipated that damages, if any, resulting from legal actions will have a material impact on the Company's consolidated financial statements.

25. Revenue

(1) Disaggregation of revenue

Revenue from contracts with customers and other sources for the years ended March 31, 2025, 2024 and 2023 are as follows:

|   | In millions of yen      |            |            | In thousands of<br>U.S. dollars |
|---|-------------------------|------------|------------|---------------------------------|
|   | Years ended<br>March 31 |            |            | Year ended<br>March 31          |
|   | 2025                    | 2024       | 2023       | 2025                            |
| Revenue recognized from contracts with customers... | ¥1,227,511              | ¥1,182,488 | ¥1,137,910 | \$8,183,407                     |
| Revenue recognized from other sources.....          | 83,621                  | 101,410    | 89,406     | 557,473                         |
| Total.....  | ¥1,311,132              | ¥1,283,898 | ¥1,227,316 | \$8,740,880                     |

The disaggregation of revenue by operating segments is described in Note 27.

Revenue recognized from other sources primarily comprises revenue recognized from lease contracts and insurance contracts.

(2) Contract balances

Contract balances arising from contracts with customers at March 31, 2025 and 2024 are as follows:

|                             | In millions of yen |          | In thousands of<br>U.S. dollars |
|-----------------------------|--------------------|----------|---------------------------------|
|                             | March 31           |          | March 31                        |
|                             | 2025               | 2024     | 2025                            |
| Receivables*1.....          | ¥201,360           | ¥196,175 | \$1,342,400                     |
| Contract assets*2.....      | 26,903             | 22,757   | 179,353                         |
| Contract liabilities*3..... | 58,048             | 55,116   | 386,987                         |

\*1 Receivables are included in notes and accounts receivable, trade, due from subscribers and short-term receivables in the accompanying consolidated balance sheets. These amounts are before deducting allowance for credit losses.  
\*2 Contract assets are included in notes and accounts receivable, trade in the accompanying consolidated balance sheets. These amounts are before deducting allowance for credit losses.  
\*3 Contract liabilities are included in deferred revenue, other current liabilities and long-term deferred revenue in the accompanying consolidated balance sheets.

The balance of contract liabilities due within one year, amounting to ¥39,247 million as of March 31, 2024, is recognized as revenue for the fiscal year ended March 31, 2025.

(3) Transaction price allocated to the remaining performance obligations

The aggregate amounts of transaction price allocated to unsatisfied performance obligations related to contracts that have original expected durations in excess of one year at March 31, 2025 and 2024 are as follows:

|                        | In millions of yen |          | In thousands of<br>U.S. dollars |
|------------------------|--------------------|----------|---------------------------------|
|                        | March 31           |          | March 31                        |
|                        | 2025               | 2024     | 2025                            |
| Due within 1 year..... | ¥168,228           | ¥157,072 | \$1,121,520                     |
| Due after 1 year ..... | 225,636            | 194,482  | 1,504,240                       |
|                        | ¥393,864           | ¥351,554 | \$2,625,760                     |

26. Supplemental Cash Flow Information

Supplemental cash flow information is as follows:

|  | In millions of yen      |         |          | In thousands of<br>U.S. dollars |
|--|-------------------------|---------|----------|---------------------------------|
|  | Years ended<br>March 31 |         |          | Year ended<br>March 31          |
|  | 2025                    | 2024    | 2023     | 2025                            |
| Cash paid during the year for:                     |                         |         |          |                                 |
| Interest .....                                     | ¥ 1,585                 | ¥ 1,361 | ¥ 1,198  | \$ 10,567                       |
| Income taxes.....                                  | 48,474                  | 44,748  | 49,887   | 323,160                         |
| Non-cash investing and financing activities:       |                         |         |          |                                 |
| Additions to obligations under finance leases..... | 2,463                   | 16,461  | 5,669    | 16,420                          |
| Significant acquisitions (Note 4)—                 |                         |         |          |                                 |
| Assets acquired .....                              | —                       | —       | 63,027   | —                               |
| Liabilities assumed.....                           | —                       | —       | (13,911) | —                               |
| Non controlling interest...                        | —                       | —       | (22,116) | —                               |
| Considerations for equity .....                    | —                       | —       | 27,000   | —                               |
| Cash and cash equivalents on hand.....             | —                       | —       | (8,263)  | —                               |
| Total considerations .....                         | ¥ —                     | ¥ —     | ¥18,737  | \$ —                            |

27. Segment Information

The Company discloses financial and descriptive information about the Company's reportable operating segments. The operating segments reported below are the segments of the Company for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the Board of Directors, acting as the chief operating decision-maker (CODM), in deciding how to allocate resources and assess performance.

The Company has seven reportable business segments: security services, fire protection services, medical services, insurance services, geospatial information services, BPO and ICT services, and other services.

The security services segment provides various types of security services by utilizing the Company's unique security systems and manufacturing and selling security merchandise. The fire protection services segment provides various types of fire protection equipment, such as automatic fire alarm and fire extinguishing and other fire protection systems for office buildings, plants, tunnels, ships, residences and cultural monuments. The medical services segment provides intravenous solutions to patients at home, home-based nursing care services, medical data transmission services by utilizing the Company's network and leasing of real estate for medical institutions. In addition, the VIE, of which the Company is the primary beneficiary manage hospitals and health care-related institutions. The insurance services segment includes the non-life insurance-related underwriting business in the Japanese market. The geospatial information services segment includes surveying and measuring services and GIS services. The BPO and ICT services segment includes various BPO related services, data center services, business continuity plan support, information security services and cloud services. The other services segment includes leasing of real estate, construction and installation services and other services.

Corporate expenses consist principally of general and administrative expenses of the planning, personnel and administrative departments of the parent company and administrative departments of the foreign holding company.

Intersegment sales are priced on a basis intended to approximate amounts charged to unaffiliated customers.

Identifiable assets are those assets used exclusively in the operations of each segment or which are allocated when used jointly. Corporate assets, which are held by the parent company and the foreign holding company for general and administrative facilities, consist principally of cash and cash equivalents, short-term investments, investment securities, land, buildings and improvements, machinery, equipment and automobiles.

Information by business and geographic segments for the years ended and as of March 31, 2025, 2024 and 2023 is as follows:

(1) Business Segment Information

|  | In millions of yen      |            |            | In thousands of<br>U.S. dollars |
|--|-------------------------|------------|------------|---------------------------------|
|  | Years ended<br>March 31 |            |            | Year ended<br>March 31          |
|  | 2025                    | 2024       | 2023       | 2025                            |
| Net sales and operating revenue:           |                         |            |            |                                 |
| Security services—                         |                         |            |            |                                 |
| Customers .....                            | ¥ 643,942               | ¥ 623,102  | ¥ 597,071  | \$4,292,946                     |
| Intersegment .....                         | 4,139                   | 3,169      | 3,235      | 27,593                          |
|  | 648,081                 | 626,271    | 600,306    | 4,320,539                       |
| Fire protection services—                  |                         |            |            |                                 |
| Customers .....                            | 177,096                 | 160,601    | 145,662    | 1,180,640                       |
| Intersegment .....                         | 3,739                   | 3,282      | 3,125      | 24,927                          |
|  | 180,835                 | 163,883    | 148,787    | 1,205,567                       |
| Medical services—                          |                         |            |            |                                 |
| Customers .....                            | 199,957                 | 192,600    | 196,246    | 1,333,047                       |
| Intersegment .....                         | 72                      | 251        | 239        | 480                             |
|  | 200,029                 | 192,851    | 196,485    | 1,333,527                       |
| Insurance services—                        |                         |            |            |                                 |
| Customers .....                            | 55,741                  | 75,189     | 58,876     | 371,607                         |
| Intersegment .....                         | 3,028                   | 2,685      | 3,012      | 20,187                          |
|  | 58,769                  | 77,874     | 61,888     | 391,794                         |
| Geospatial information services—           |                         |            |            |                                 |
| Customers .....                            | 58,372                  | 60,501     | 62,086     | 389,147                         |
| Intersegment .....                         | 179                     | 204        | 226        | 1,193                           |
|  | 58,551                  | 60,705     | 62,312     | 390,340                         |
| BPO and ICT services—                      |                         |            |            |                                 |
| Customers .....                            | 128,334                 | 127,090    | 127,854    | 855,560                         |
| Intersegment .....                         | 10,815                  | 13,225     | 11,012     | 72,100                          |
|  | 139,149                 | 140,315    | 138,866    | 927,660                         |
| Other services—                            |                         |            |            |                                 |
| Customers .....                            | 47,690                  | 44,815     | 39,521     | 317,933                         |
| Intersegment .....                         | 1,692                   | 1,355      | 1,560      | 11,280                          |
|  | 49,382                  | 46,170     | 41,081     | 329,213                         |
| Total .....                                | 1,334,796               | 1,308,069  | 1,249,725  | 8,898,640                       |
| Eliminations .....                         | (23,664)                | (24,171)   | (22,409)   | (157,760)                       |
| Total net sales and operating revenue..... | ¥1,311,132              | ¥1,283,898 | ¥1,227,316 | \$8,740,880                     |

|   | In millions of yen      |          |          | In thousands of<br>U.S. dollars |
|---|-------------------------|----------|----------|---------------------------------|
|   | Years ended<br>March 31 |          |          | Year ended<br>March 31          |
|   | 2025                    | 2024     | 2023     | 2025                            |
| Segment expenses:                                   |                         |          |          |                                 |
| Security services—                                  |                         |          |          |                                 |
| Cost of sales.....                                  | ¥430,068                | ¥407,147 | ¥387,350 | \$2,867,120                     |
| Selling, general and<br>administrative expenses.... | 112,559                 | 108,207  | 100,813  | 750,393                         |
| Impairment loss on<br>long-lived assets .....       | 1,008                   | 918      | 154      | 6,720                           |
| Other.....  | 1,805                   | 2,474    | 2,569    | 12,033                          |
| Total.....  | 545,440                 | 518,746  | 490,886  | 3,636,266                       |
| Fire protection services—                           |                         |          |          |                                 |
| Cost of sales.....                                  | 118,748                 | 109,729  | 100,790  | 791,653                         |
| Selling, general and<br>administrative expenses.... | 42,447                  | 38,855   | 36,749   | 282,980                         |
| Impairment loss on<br>long-lived assets .....       | 456                     | —        | —        | 3,040                           |
| Other.....  | 5                       | 21       | (311)    | 34                              |
| Total.....  | 161,656                 | 148,605  | 137,228  | 1,077,707                       |
| Medical services—                                   |                         |          |          |                                 |
| Cost of sales.....                                  | 176,264                 | 166,957  | 164,797  | 1,175,093                       |
| Selling, general and<br>administrative expenses.... | 22,152                  | 21,199   | 20,010   | 147,680                         |
| Impairment loss on<br>long-lived assets .....       | 810                     | 2,466    | 742      | 5,400                           |
| Other.....  | (397)                   | 1,447    | 432      | (2,646)                         |
| Total.....  | 198,829                 | 192,069  | 185,981  | 1,325,527                       |
| Insurance services—                                 |                         |          |          |                                 |
| Cost of sales.....                                  | 41,215                  | 39,186   | 43,200   | 274,767                         |
| Selling, general and<br>administrative expenses.... | 13,080                  | 12,115   | 11,597   | 87,200                          |
| Impairment loss on<br>long-lived assets .....       | —                       | —        | —        | —                               |
| Other.....  | 33                      | 2        | 1        | 220                             |
| Total.....  | 54,328                  | 51,303   | 54,798   | 362,187                         |
| Geospatial information<br>services—                 |                         |          |          |                                 |
| Cost of sales.....                                  | 43,612                  | 43,719   | 44,370   | 290,747                         |
| Selling, general and<br>administrative expenses.... | 12,310                  | 12,091   | 11,542   | 82,067                          |
| Impairment loss on<br>long-lived assets .....       | 19                      | 302      | 1,726    | 127                             |
| Other.....  | 68                      | (487)    | (1,133)  | 452                             |
| Total.....  | 56,009                  | 55,625   | 56,505   | 373,393                         |
| BPO and ICT services—                               |                         |          |          |                                 |
| Cost of sales.....                                  | 116,052                 | 114,436  | 113,541  | 773,680                         |
| Selling, general and<br>administrative expenses.... | 12,940                  | 12,143   | 11,946   | 86,267                          |
| Impairment loss on<br>long-lived assets .....       | 1,346                   | 742      | 25       | 8,973                           |
| Other.....  | 432                     | 246      | 242      | 2,880                           |
| Total.....  | 130,770                 | 127,567  | 125,754  | 871,800                         |
| Other services—                                     |                         |          |          |                                 |
| Cost of sales.....                                  | 33,802                  | 32,020   | 28,352   | 225,347                         |
| Selling, general and<br>administrative expenses.... | 6,618                   | 6,571    | 5,725    | 44,120                          |
| Impairment loss on<br>long-lived assets .....       | 27                      | —        | —        | 180                             |
| Other.....  | (68)                    | 1,198    | (515)    | (454)                           |
| Total.....  | 40,379                  | 39,789   | 33,562   | 269,193                         |

|  | In millions of yen      |            |                                 | In thousands of<br>U.S. dollars |
|--|-------------------------|------------|---------------------------------|---------------------------------|
|  | Years ended<br>March 31 |            |                                 | Year ended<br>March 31          |
|  | 2025                    | 2024       | 2023                            | 2025                            |
| Operating income (loss):   |                         |            |                                 |                                 |
| Security services.....   | ¥102,641                | ¥107,525   | ¥109,420                        | \$ 684,273                      |
| Fire protection<br>services.....                                 | 19,179                  | 15,278     | 11,559                          | 127,860                         |
| Medical services.....  | 1,200                   | 782        | 10,504                          | 8,000                           |
| Insurance services.....  | 4,441                   | 26,571     | 7,090                           | 29,607                          |
| Geospatial information<br>services.....                          | 2,542                   | 5,080      | 5,807                           | 16,947                          |
| BPO and ICT services.....  | 8,379                   | 12,748     | 13,112                          | 55,860                          |
| Other services .....   | 9,003                   | 6,381      | 7,519                           | 60,020                          |
| Total.....   | 147,385                 | 174,365    | 165,011                         | 982,567                         |
| Corporate expenses<br>and eliminations .....                     | (19,055)                | (19,399)   | (19,459)                        | (127,034)                       |
| Operating income .....   | ¥128,330                | ¥154,966   | ¥145,552                        | \$ 855,533                      |
| Other income .....   | 28,467                  | 39,110     | 20,040                          | 189,780                         |
| Other expenses .....   | (3,200)                 | (3,364)    | (2,592)                         | (21,333)                        |
| Income from<br>continuing operations<br>before income taxes..... | ¥153,597                | ¥190,712   | ¥163,000                        | \$1,023,980                     |
|  |                         |            |                                 |                                 |
|  | In millions of yen      |            | In thousands of<br>U.S. dollars |                                 |
|  | March 31                |            | March 31                        |                                 |
|  | 2025                    | 2024       | 2025                            |                                 |
| Assets:  |                         |            |                                 |                                 |
| Security services.....   | ¥ 884,150               | ¥ 870,512  | \$ 5,894,333                    |                                 |
| Fire protection<br>services.....                                 | 214,593                 | 202,181    | 1,430,620                       |                                 |
| Medical services.....  | 202,102                 | 205,725    | 1,347,347                       |                                 |
| Insurance services.....  | 261,961                 | 266,027    | 1,746,407                       |                                 |
| Geospatial information<br>services.....                          | 74,844                  | 80,315     | 498,960                         |                                 |
| BPO and ICT services.....  | 290,813                 | 279,241    | 1,938,753                       |                                 |
| Other services .....   | 140,751                 | 128,098    | 938,340                         |                                 |
| Total.....   | 2,069,214               | 2,032,099  | 13,794,760                      |                                 |
| Corporate items .....  | 214,958                 | 194,363    | 1,433,053                       |                                 |
| Investments in<br>affiliated companies.....                      | 155,811                 | 151,635    | 1,038,740                       |                                 |
| Total assets .....   | ¥2,439,983              | ¥2,378,097 | \$16,266,553                    |                                 |

|  | In millions of yen      |          |          | In thousands of<br>U.S. dollars |
|--|-------------------------|----------|----------|---------------------------------|
|  | Years ended<br>March 31 |          |          | Year ended<br>March 31          |
|  | 2025                    | 2024     | 2023     | 2025                            |
| Depreciation and<br>amortization:            |                         |          |          |                                 |
| Security services.....                       | ¥ 54,848                | ¥ 53,611 | ¥ 51,739 | \$365,654                       |
| Fire protection<br>services.....             | 3,004                   | 2,958    | 2,955    | 20,027                          |
| Medical services .....                       | 7,373                   | 7,728    | 7,829    | 49,153                          |
| Insurance services.....                      | 3,349                   | 2,658    | 2,328    | 22,327                          |
| Geospatial information<br>services.....      | 1,927                   | 1,825    | 1,773    | 12,847                          |
| BPO and ICT services.....                    | 12,587                  | 10,114   | 9,917    | 83,913                          |
| Other services .....                         | 1,379                   | 1,325    | 1,303    | 9,193                           |
| Total.....                                   | 84,467                  | 80,219   | 77,844   | 563,114                         |
| Corporate items .....                        | 797                     | 795      | 874      | 5,313                           |
| Total depreciation<br>and amortization ..... | ¥ 85,264                | ¥ 81,014 | ¥ 78,718 | \$568,427                       |
|  |                         |          |          |                                 |
| Capital expenditure:                         |                         |          |          |                                 |
| Security services.....                       | ¥ 60,088                | ¥ 54,352 | ¥ 66,278 | \$400,587                       |
| Fire protection<br>services.....             | 4,166                   | 3,377    | 4,043    | 27,773                          |
| Medical services .....                       | 5,555                   | 11,167   | 5,620    | 37,033                          |
| Insurance services.....                      | 2,396                   | 3,354    | 3,075    | 15,973                          |
| Geospatial information<br>services.....      | 1,861                   | 2,362    | 2,600    | 12,407                          |
| BPO and ICT services.....                    | 27,552                  | 26,255   | 20,961   | 183,680                         |
| Other services .....                         | 1,442                   | 2,423    | 8,108    | 9,613                           |
| Total.....                                   | 103,060                 | 103,290  | 110,685  | 687,066                         |
| Corporate items .....                        | 1,329                   | 1,023    | 795      | 8,860                           |
| Total capital<br>expenditures .....          | ¥104,389                | ¥104,313 | ¥111,480 | \$695,926                       |

The capital expenditures in the above table represent the additions to property, plant and equipment and intangible assets of each segment.

The Company has no single customer that accounts for more than 10 percent of total revenues.

The following table is a breakdown of security services revenue to external customers by service category. The security services business is managed as a single operating segment by the Company's management.

|                                      | In millions of yen      |          |          | In thousands of<br>U.S. dollars |
|--------------------------------------|-------------------------|----------|----------|---------------------------------|
|                                      | Years ended<br>March 31 |          |          | Year ended<br>March 31          |
|                                      | 2025                    | 2024     | 2023     | 2025                            |
| Electronic security<br>services..... | ¥375,290                | ¥365,980 | ¥356,962 | \$2,501,933                     |
| Other security services:             |                         |          |          |                                 |
| Static guard<br>services.....        | 104,606                 | 100,063  | 89,200   | 697,373                         |
| Armored car<br>services.....         | 66,896                  | 65,367   | 62,920   | 445,973                         |
| Merchandise and<br>other .....       | 97,150                  | 91,692   | 87,989   | 647,667                         |
| Total security<br>services.....      | ¥643,942                | ¥623,102 | ¥597,071 | \$4,292,946                     |

(2) Geographic Segment Information

Net sales and operating revenue attributed to countries based on the geographical location of customers for the years ended March 31, 2025, 2024 and 2023 and long-lived assets as of March 31, 2025 and 2024 were as follows:

|                                     | In millions of yen      |            |                                 | In thousands of<br>U.S. dollars |
|-------------------------------------|-------------------------|------------|---------------------------------|---------------------------------|
|                                     | Years ended<br>March 31 |            |                                 | Year ended<br>March 31          |
|                                     | 2025                    | 2024       | 2023                            | 2025                            |
| Net sales and<br>operating revenue: |                         |            |                                 |                                 |
| Japan.....                          | ¥1,241,303              | ¥1,220,710 | ¥1,168,628                      | \$8,275,353                     |
| Other.....                          | 69,829                  | 63,188     | 58,688                          | 465,527                         |
| Total.....                          | ¥1,311,132              | ¥1,283,898 | ¥1,227,316                      | \$8,740,880                     |
|                                     |                         |            |                                 |                                 |
|                                     | In millions of yen      |            | In thousands of<br>U.S. dollars |                                 |
|                                     | March 31                |            | March 31                        |                                 |
|                                     | 2025                    | 2024       | 2025                            |                                 |
| Long-lived assets:                  |                         |            |                                 |                                 |
| Japan.....                          | ¥842,426                | ¥826,731   | \$5,616,173                     |                                 |
| Other.....                          | 20,446                  | 19,286     | 136,307                         |                                 |
| Total.....                          | ¥862,872                | ¥846,017   | \$5,752,480                     |                                 |

There are no individually material countries other than Japan with respect to net sales and operating revenue and long-lived assets.

28. Subsequent Events  
Notice Regarding Determination of Repurchase of the Company's Own Shares

(Repurchase of the Company's Own Shares in Accordance with the Provision of the Articles of Incorporation Pursuant to Article 165, Paragraph 2 of the Companies Act)

The Company determined to conduct the repurchase of its own shares pursuant to Article 156 of the Companies Act as applied pursuant to Article 165, Paragraph 3 of such Act at the Board of Directors' meeting held on May 12, 2025.

1. Reason for Repurchase  
The Company strives to increase its corporate value by conducting business with a focus on all stakeholders in order to realize sustainable growth. The Company will enhance shareholder returns and improve capital efficiency through flexible repurchases of its own shares, comprehensively taking into account, among others, growth investments, dividend levels, capital efficiency, and share price levels.

|  |  |
|--|--|
| 2. Details of Repurchase                           |  |
| (1) Class of shares to be repurchased              | Shares of common stock of the Company  |
| (2) Total number of shares that may be repurchased | 18,000,000 shares (maximum) (4.33% of total issued shares (excluding treasury shares)) |
| (3) Total repurchase price                         | JPY 60,000,000,000 (maximum)   |
| (4) Repurchase period                              | From May 13, 2025 to December 17, 2025   |
| (5) Repurchase method                              | Market purchase on the Tokyo Stock Exchange  |





Independent Auditors’ Report

The Board of Directors and Shareholders  
SECOM CO., LTD.

Opinion

We have audited the consolidated financial statements of SECOM CO., LTD. and its subsidiaries (the Company), which comprise the consolidated balance sheets as of March 31, 2025 and 2024, and the related consolidated statements of income, comprehensive income, changes in stockholders’ equity, and cash flows for each of the years in the three-year period ended March 31, 2024, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2025 and 2024, and the results of their operations and their cash flows for each of the years in the three-year period ended March 31, 2025 in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

KPMG AZSA LLC, a limited liability audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries for the current year are 792 million yen and 255 million yen, respectively.

Convenience Translations

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2025 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the consolidated financial statements.

KPMG AZSA LLC

Tokyo, Japan  
September 9, 2025



OTHER FINANCIAL DATA

Contents

Summary of Selected Financial Data..... 35

Common Stock Data ..... 37

Summary of Selected Financial Data

SECOM CO., LTD. and Subsidiaries  
Years ended/as of March 31

|  | In millions of yen |            |            |            |            |            |
|--|--------------------|------------|------------|------------|------------|------------|
|  | 2025               | 2024       | 2023       | 2022       | 2021       | 2020       |
| <b>Composition of consolidated net sales and operating revenue by segment</b>                              |                    |            |            |            |            |            |
| Net sales and operating revenue.....   | <b>¥1,311,132</b>  | ¥1,283,898 | ¥1,227,316 | ¥1,166,098 | ¥1,135,339 | ¥1,132,632 |
| Security services: .....   | <b>643,942</b>     | 623,102    | 597,071    | 563,623    | 555,060    | 561,067    |
| As a percentage of net sales and operating revenue .....   | <b>49.1%</b>       | 48.5%      | 48.6%      | 48.3%      | 48.9%      | 49.5%      |
| Electronic security services.....  | <b>375,290</b>     | 365,980    | 356,962    | 348,749    | 344,882    | 344,992    |
| As a percentage of net sales and operating revenue .....   | <b>28.6</b>        | 28.5       | 29.1       | 29.9       | 30.4       | 30.5       |
| Other security services—   |                    |            |            |            |            |            |
| Static guard services .....  | <b>104,606</b>     | 100,063    | 89,200     | 75,459     | 69,370     | 70,054     |
| As a percentage of net sales and operating revenue .....   | <b>8.0</b>         | 7.8        | 7.3        | 6.5        | 6.1        | 6.2        |
| Armored car services.....  | <b>66,896</b>      | 65,367     | 62,920     | 62,467     | 62,841     | 63,602     |
| As a percentage of net sales and operating revenue .....   | <b>5.1</b>         | 5.1        | 5.1        | 5.4        | 5.5        | 5.6        |
| Subtotal.....  | <b>171,502</b>     | 165,430    | 152,120    | 137,926    | 132,211    | 133,656    |
| Merchandise and other .....  | <b>97,150</b>      | 91,692     | 87,989     | 76,948     | 77,967     | 82,419     |
| As a percentage of net sales and operating revenue .....   | <b>7.4</b>         | 7.1        | 7.1        | 6.6        | 6.9        | 7.2        |
| Fire protection services.....  | <b>177,096</b>     | 160,601    | 145,662    | 148,804    | 140,599    | 151,861    |
| As a percentage of net sales and operating revenue .....   | <b>13.5</b>        | 12.5       | 11.9       | 12.8       | 12.4       | 13.4       |
| Medical services.....  | <b>199,957</b>     | 192,600    | 196,246    | 195,826    | 182,573    | 187,101    |
| As a percentage of net sales and operating revenue .....   | <b>15.2</b>        | 15.0       | 16.0       | 16.8       | 16.1       | 16.5       |
| Insurance services .....   | <b>55,741</b>      | 75,189     | 58,876     | 51,769     | 58,291     | 43,515     |
| As a percentage of net sales and operating revenue .....   | <b>4.3</b>         | 5.9        | 4.8        | 4.4        | 5.1        | 3.8        |
| Geospatial information services .....  | <b>58,372</b>      | 60,501     | 62,086     | 56,371     | 53,908     | 53,535     |
| As a percentage of net sales and operating revenue .....   | <b>4.5</b>         | 4.7        | 5.1        | 4.8        | 4.7        | 4.7        |
| BPO and ICT services.....  | <b>128,334</b>     | 127,090    | 127,854    | 115,544    | 112,144    | 99,833     |
| As a percentage of net sales and operating revenue .....   | <b>9.8</b>         | 9.9        | 10.4       | 9.9        | 9.9        | 8.8        |
| Other services.....  | <b>47,690</b>      | 44,815     | 39,521     | 34,161     | 32,764     | 35,720     |
| As a percentage of net sales and operating revenue .....   | <b>3.6</b>         | 3.5        | 3.2        | 3.0        | 2.9        | 3.3        |
| <b>Net income attributable to SECOM CO., LTD., cash dividends and SECOM CO., LTD. shareholders' equity</b> |                    |            |            |            |            |            |
| Net income attributable to SECOM CO., LTD. ....  | <b>¥ 101,068</b>   | ¥ 125,884  | ¥ 111,558  | ¥ 107,731  | ¥ 89,913   | ¥ 87,136   |
| Cash dividends paid <sup>(2)</sup> .....   | <b>39,698</b>      | 40,483     | 39,060     | 38,196     | 37,104     | 37,104     |
| SECOM CO., LTD. shareholders' equity .....   | <b>1,371,711</b>   | 1,329,027  | 1,267,205  | 1,209,512  | 1,142,323  | 1,088,738  |
| <b>Consolidated financial ratios</b>   |                    |            |            |            |            |            |
| Percentage of working capital accounted for by:  |                    |            |            |            |            |            |
| Debt—  |                    |            |            |            |            |            |
| Bank loans.....  | <b>2.3</b>         | 2.1        | 2.2        | 2.4        | 2.7        | 3.3        |
| Current portion of long-term debt .....  | <b>0.7</b>         | 0.8        | 0.9        | 1.2        | 1.2        | 1.5        |
| Straight bonds.....  | <b>0.2</b>         | 0.2        | 0.2        | 0.3        | 0.3        | 0.3        |
| Other long-term debt.....  | <b>3.2</b>         | 3.4        | 3.3        | 3.7        | 4.0        | 3.4        |
| Total debt .....   | <b>6.4</b>         | 6.5        | 6.6        | 7.6        | 8.3        | 8.5        |
| SECOM CO., LTD. shareholders' equity.....  | <b>93.6</b>        | 93.5       | 93.4       | 92.4       | 91.7       | 91.5       |
| Total capitalization .....   | <b>100.0</b>       | 100.0      | 100.0      | 100.0      | 100.0      | 100.0      |
| Return on total assets (percentage) <sup>(a)</sup> .....   | <b>4.1</b>         | 5.3        | 4.9        | 4.9        | 4.2        | 4.2        |
| Return on equity (percentage) <sup>(a)</sup> .....   | <b>7.4</b>         | 9.5        | 8.8        | 8.9        | 7.9        | 8.0        |
| Percentage of net sales and operating revenue absorbed by <sup>(c)</sup> :                                 |                    |            |            |            |            |            |
| Depreciation and amortization .....  | <b>6.5</b>         | 6.3        | 6.4        | 6.7        | 6.9        | 5.7        |
| Rental expense under operating leases .....  | <b>2.6</b>         | 2.6        | 2.6        | 2.5        | 2.6        | 2.4        |
| Ratio of accumulated depreciation to depreciable   |                    |            |            |            |            |            |
| assets (percentage) .....  | <b>66.9</b>        | 68.8       | 68.9       | 68.0       | 66.6       | 65.3       |
| Net property turnover (times) <sup>(c)</sup> .....   | <b>2.74</b>        | 2.77       | 2.81       | 2.75       | 2.65       | 2.73       |
| Before-tax interest coverage (times) <sup>(c) (d)</sup> .....  | <b>98.6</b>        | 143.3      | 138.8      | 139.8      | 125.2      | 117.5      |

Note: Installation revenue is included in the corresponding electronic security services.

|   | 2025        | 2024        | 2023        | 2022        | 2021        | 2020        |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Number of shares outstanding</b>                         |             |             |             |             |             |             |
| Issued.....   | 466,599,796 | 466,599,796 | 466,599,796 | 466,596,098 | 466,591,852 | 466,587,996 |
| Owned by SECOM CO., LTD. ....                               | 50,925,784  | 45,616,920  | 37,526,220  | 30,430,436  | 30,069,130  | 30,067,176  |
| Balance.....  | 415,674,012 | 420,982,876 | 429,073,576 | 436,165,662 | 436,522,722 | 436,520,820 |
| <b>Per share information</b>                                |             |             |             |             |             |             |
| Net income attributable to SECOM CO., LTD.                  |             |             |             |             |             |             |
| per share (in yen) <sup>(1)</sup> .....                     | ¥ 243.03    | ¥ 297.60    | ¥ 258.34    | ¥ 246.42    | ¥ 205.98    | ¥ 199.61    |
| Cash dividends paid per share (in yen) <sup>(2)</sup> ..... | 95.00       | 95.00       | 90.00       | 87.50       | 85.00       | 85.00       |
| SECOM CO., LTD. shareholders' equity                        |             |             |             |             |             |             |
| per share (in yen) <sup>(3)</sup> .....                     | 3,299.97    | 3,156.96    | 2,953.35    | 2,773.06    | 2,616.87    | 2,494.13    |
| Cash flow per share (in yen) <sup>(1) (4)</sup> .....       | 352.60      | 393.41      | 350.17      | 338.62      | 301.30      | 266.94      |
| Price/Book value ratio.....                                 | 1.54        | 1.74        | 1.38        | 1.60        | 1.78        | 1.80        |
| Price/Earnings ratio .....                                  | 20.93       | 18.41       | 15.80       | 17.99       | 22.61       | 22.48       |
| Price/Cash flow ratio.....                                  | 14.43       | 13.93       | 11.66       | 13.09       | 15.45       | 16.81       |
| Stock price at year-end (in yen) .....                      | 5,087       | 5,480       | 4,082       | 4,434       | 4,657       | 4,487       |

Notes: (a) Net income attributable to SECOM CO., LTD. / Total assets  
(b) Net income attributable to SECOM CO., LTD. / SECOM CO., LTD. shareholders' equity  
(c) Including discontinued operations  
(d) (Income before income taxes and equity in net income of affiliated companies + Interest expense) / Interest expense  
(e) (Net income attributable to SECOM CO., LTD. + Depreciation and amortization – Dividends approved) / Average number of shares outstanding during each period

(1) Per share amounts are based on the average number of shares outstanding during each period.  
(2) Subsequent to March 31, 2025, cash dividends of ¥20,784 million (¥50 per share) were approved at the general shareholders' meeting on June 26, 2025 (see Note 18 of the notes to consolidated financial statements).  
(3) Per share amounts are based on the number of shares outstanding at the end of each period, less treasury stock.  
(4) The Company implemented a 2 for 1 common stock split on October 1, 2024. On the assumption that the stock split was implemented at the beginning of the year ended March 31, 2020, number of shares outstanding and per share information are computed.

## Common Stock Data

SECOM CO., LTD.  
As of March 31

| SHAREHOLDER INFORMATION          | 2025    | 2024    | 2023    | 2022    | 2021    | 2020    |
|----------------------------------|---------|---------|---------|---------|---------|---------|
| Number of shareholders .....     | 42,717  | 39,195  | 24,202  | 23,401  | 21,739  | 23,297  |
| Common shares held by:           |         |         |         |         |         |         |
| Financial institutions.....      | 37.99%  | 37.71%  | 36.98%  | 39.13%  | 39.44%  | 38.65%  |
| Securities firms.....            | 2.21    | 2.22    | 3.22    | 3.05    | 2.81    | 1.95    |
| Other domestic corporations..... | 2.64    | 2.67    | 2.73    | 2.78    | 2.45    | 2.50    |
| Foreign investors .....          | 40.89   | 42.45   | 41.44   | 40.96   | 41.55   | 42.76   |
| Individuals and others .....     | 5.36    | 5.17    | 7.59    | 7.56    | 7.31    | 7.70    |
| Treasury stock .....             | 10.91   | 9.78    | 8.04    | 6.52    | 6.44    | 6.44    |
| Total.....                       | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

| PRICE INFORMATION (TOKYO STOCK EXCHANGE) |                        | Price per share (in yen) |          | Nikkei Stock Average (in yen) |            |
|--|------------------------|--------------------------|----------|-------------------------------|------------|
|  |                        | High                     | Low      | High                          | Low        |
| 2023                                     | April–June.....        | ¥4,940.5                 | ¥4,063.0 | ¥33,706.08                    | ¥27,472.63 |
|  | July–September .....   | 5,242.5                  | 4,554.5  | 33,753.33                     | 31,450.76  |
|  | October–December ..... | 5,430.0                  | 4,924.0  | 33,681.24                     | 30,526.88  |
| 2024                                     | January–March .....    | 5,930.0                  | 5,055.0  | 40,888.43                     | 33,288.29  |
|  | April–June.....        | 5,607.5                  | 4,560.5  | 39,838.91                     | 37,068.35  |
|  | July–September .....   | 5,615.0                  | 4,327.0  | 42,224.02                     | 31,458.42  |
| 2025                                     | October–December ..... | 5,603.0                  | 5,096.0  | 40,281.16                     | 37,808.76  |
|  | January–March .....    | 5,386.0                  | 5,035.0  | 40,083.30                     | 35,617.56  |

Note: SECOM implemented a 2 for 1 stock split with an effective date of October 1, 2024. Price per share has been adjusted to reflect this stock split.

CONSOLIDATED FINANCIAL DATA  
(BASED ON JAPANESE GAAP) [REFERENCE]

COMMON STOCK ISSUES

| Date          | Additional<br>shares issued<br>(In thousands) | Shares<br>outstanding<br>after issue<br>(In thousands) | Share capital<br>after issue<br>(In thousands<br>of yen) | Allotment ratio<br>to shareholders | Remarks  |
|---------------|---|--|--|------------------------------------|--|
| June 15, 1974 | 1,968   | 9,200  | ¥ 460,000  | —                                  | Issue at market price (¥900)                         |
| Dec. 21, 1974 | 2,760   | 11,960   | 598,000  | 3 for 10                           | Stock split  |
| May 21, 1975  | 1,196   | 13,156   | 657,800  | 1 for 10                           | Stock split  |
| May 21, 1975  | 1,244   | 14,400   | 720,000  | —                                  | Issue at market price (¥1,134)                       |
| Dec. 1, 1975  | 4,320   | 18,720   | 936,000  | 3 for 10                           | Stock split  |
| May 31, 1976  | 1,880   | 20,600   | 1,030,000  | —                                  | Issue at market price (¥2,570)                       |
| June 1, 1976  | 2,060   | 22,660   | 1,133,000  | 1 for 10                           | Stock split  |
| Dec. 1, 1976  | 6,798   | 29,458   | 1,472,900  | 3 for 10                           | Stock split  |
| Nov. 30, 1977 | 2,042   | 31,500   | 1,575,000  | —                                  | Issue at market price (¥1,700)                       |
| Dec. 1, 1977  | 6,300   | 37,800   | 1,890,000  | 2 for 10                           | Stock split  |
| Dec. 1, 1978  | 7,560   | 45,360   | 2,268,000  | 2 for 10                           | Stock split  |
| June 1, 1981  | 3,000   | 48,360   | 2,418,000  | —                                  | Issue at market price (¥2,230)                       |
| Dec. 1, 1981  | 4,836   | 53,196   | 2,659,800  | 1 for 10                           | Stock split  |
| Jan. 20, 1983 | 5,320   | 58,516   | 3,000,000  | 1 for 10                           | Stock split  |
| Nov. 30, 1983 | 194   | 58,710   | 3,280,942  | —                                  | Conversion of convertible bonds                      |
| Nov. 30, 1984 | 1,418   | 60,128   | 5,329,282  | —                                  | Conversion of convertible bonds                      |
| Nov. 30, 1985 | 186   | 60,314   | 5,602,945  | —                                  | Conversion of convertible bonds                      |
| Jan. 20, 1986 | 6,031   | 66,345   | 5,602,945  | 1 for 10                           | Stock split  |
| Nov. 30, 1986 | 2,878   | 69,223   | 11,269,932   | —                                  | Conversion of convertible bonds                      |
| Nov. 30, 1987 | 1,609   | 70,832   | 15,021,200   | —                                  | Conversion of convertible bonds                      |
| Jan. 20, 1988 | 3,541   | 74,373   | 15,021,200   | 0.5 for 10                         | Stock split  |
| Nov. 30, 1988 | 439   | 74,812   | 16,063,099   | —                                  | Conversion of convertible bonds                      |
| Nov. 30, 1989 | 1,808   | 76,620   | 21,573,139   | —                                  | Conversion of convertible bonds                      |
| Jan. 19, 1990 | 22,986  | 99,606   | 21,573,139   | 3 for 10                           | Stock split  |
| Mar. 31, 1990 | 1,446   | 101,052  | 25,070,104   | —                                  | Conversion of convertible bonds                      |
| Mar. 31, 1991 | 2,949   | 104,001  | 32,244,732   | —                                  | Conversion of convertible bonds                      |
| Mar. 31, 1992 | 2,035   | 106,036  | 37,338,751   | —                                  | Conversion of convertible bonds                      |
| Mar. 31, 1993 | 267   | 106,303  | 37,991,568   | —                                  | Conversion of convertible bonds                      |
| Mar. 31, 1994 | 6,986   | 113,289  | 56,756,263   | —                                  | Conversion of convertible bonds                      |
| Mar. 31, 1995 | 477   | 113,766  | 58,214,178   | —                                  | Conversion of convertible bonds                      |
| Mar. 31, 1996 | 613   | 114,379  | 59,865,105   | —                                  | Conversion of convertible bonds                      |
| Mar. 31, 1997 | 1,825   | 116,204  | 65,253,137   | —                                  | Conversion of convertible bonds                      |
| Mar. 31, 1998 | 29  | 116,233  | 65,327,060   | —                                  | Conversion of convertible bonds                      |
| Mar. 31, 1999 | 159   | 116,392  | 65,709,927   | —                                  | Conversion of convertible bonds                      |
| Nov. 19, 1999 | 116,410                                       | 232,802  | 65,709,927   | 10 for 10*                         | Stock split  |
| Mar. 31, 2000 | 273   | 233,075  | 66,096,852   | —                                  | Conversion of convertible bonds                      |
| Mar. 31, 2001 | 25  | 233,100  | 66,126,854   | —                                  | Conversion of convertible bonds                      |
| Mar. 31, 2002 | 175   | 233,275  | 66,360,338   | —                                  | Conversion of convertible bonds                      |
| Mar. 31, 2003 | 6   | 233,281  | 66,368,827   | —                                  | Conversion of convertible bonds                      |
| Mar. 31, 2005 | 8   | 233,289  | 66,377,829   | —                                  | Conversion of convertible bonds                      |
| July 27, 2017 | 1   | 233,290  | 66,385,263   | —                                  | Issue of new shares as restricted stock compensation |
| July 26, 2018 | 2   | 233,292  | 66,392,692   | —                                  | Issue of new shares as restricted stock compensation |
| July 26, 2019 | 2   | 233,294  | 66,401,083   | —                                  | Issue of new shares as restricted stock compensation |
| July 22, 2020 | 2   | 233,296  | 66,410,237   | —                                  | Issue of new shares as restricted stock compensation |
| July 21, 2021 | 2   | 233,298  | 66,419,390   | —                                  | Issue of new shares as restricted stock compensation |
| July 27, 2022 | 2   | 233,300  | 66,427,074   | —                                  | Issue of new shares as restricted stock compensation |
| Oct. 1, 2024  | 233,300                                       | 466,600  | 66,427,074   | 10 for 10*                         | Stock split  |

Note: The above is a record of SECOM's common stock issues since the common stock was listed on the Tokyo Stock Exchange in June 1974.  
\*One share was split into two.

Contents

|   |    |
|---|----|
| Condensed Consolidated Balance Sheets<br>(Based on Japanese GAAP) .....           | 40 |
| Condensed Consolidated Statements of Income<br>(Based on Japanese GAAP) .....     | 42 |
| Consolidated Statements of Comprehensive Income<br>(Based on Japanese GAAP) ..... | 42 |

Note: From the fiscal year ended March 31, 2025, the Company has partially revised the English labels of its financial statement accounts to conform with the EDINET Taxonomy provided by the Financial Services Agency. However, it should be noted that these revisions are superficial changes to the account labels and do not change their substance.



Condensed Consolidated Balance Sheets (Based on Japanese GAAP)

SECOM CO., LTD. and Subsidiaries  
As of March 31

| ASSETS  | In millions of yen |            |            |            |            |            |
|---|--------------------|------------|------------|------------|------------|------------|
|   | 2025               | 2024       | 2023       | 2022       | 2021       | 2020       |
| <b>Current assets:</b>  |                    |            |            |            |            |            |
| Cash and deposits.....  | ¥ 408,773          | ¥ 440,936  | ¥ 522,396  | ¥ 522,363  | ¥ 499,247  | ¥ 414,199  |
| Cash deposits for cash collection and deposit services.....   | 141,000            | 138,562    | 135,459    | 136,477    | 138,889    | 140,905    |
| Call loan .....   | 28,000             | —          | —          | —          | —          | —          |
| Notes and accounts receivable–trade .....                     | —                  | —          | —          | —          | 132,886    | 141,609    |
| Notes and accounts receivable–trade, and contract assets .... | 169,918            | 162,325    | 157,475    | 149,878    | —          | —          |
| Due from subscribers.....                                     | 47,642             | 48,367     | 43,503     | 39,468     | 39,980     | 40,745     |
| Securities.....   | 34,862             | 19,652     | 26,325     | 27,020     | 21,579     | 32,442     |
| Lease receivables and investments in leases.....              | 41,344             | 40,007     | 41,120     | 37,518     | 41,511     | 42,768     |
| Merchandise and finished goods.....                           | 19,035             | 21,545     | 17,361     | 14,724     | 14,289     | 13,862     |
| Real estate for sale.....                                     | 4,237              | 3,501      | 4,146      | 2,593      | 186        | 4,930      |
| Work in process.....  | 6,923              | 6,368      | 5,707      | 5,629      | 4,880      | 5,237      |
| Costs on uncompleted construction contracts .....             | —                  | —          | —          | —          | 7,524      | 10,780     |
| Real estate for sale in process.....                          | —                  | —          | —          | —          | —          | 21,806     |
| Raw materials and supplies .....                              | 19,363             | 20,088     | 18,482     | 13,930     | 11,003     | 10,927     |
| Short-term loans receivable.....                              | 3,979              | 2,448      | 2,408      | 2,563      | 3,053      | 4,525      |
| Other .....   | 46,106             | 35,919     | 35,324     | 36,064     | 28,714     | 31,400     |
| Allowance for doubtful accounts.....                          | (2,372)            | (2,143)    | (2,163)    | (2,031)    | (1,715)    | (1,677)    |
| Total current assets.....                                     | 968,815            | 937,580    | 1,007,547  | 986,202    | 942,033    | 914,465    |
| <b>Non-current assets:</b>                                    |                    |            |            |            |            |            |
| Property, plant and equipment:                                |                    |            |            |            |            |            |
| Buildings and structures, net .....                           | 180,338            | 154,626    | 150,733    | 151,809    | 152,770    | 153,307    |
| Machinery, equipment and vehicles, net.....                   | 11,425             | 10,201     | —          | —          | —          | —          |
| Security equipment and control stations, net .....            | 87,780             | 82,354     | 75,650     | 73,911     | 74,704     | 74,309     |
| Tools, furniture and fixtures, net.....                       | 29,408             | 26,460     | —          | —          | —          | —          |
| Land .....  | 123,998            | 126,235    | 123,358    | 122,050    | 120,876    | 117,720    |
| Construction in progress .....                                | 16,288             | 32,443     | —          | —          | —          | —          |
| Other, net .....  | —                  | —          | 54,095     | 42,695     | 43,424     | 40,970     |
| Total property, plant and equipment.....                      | 449,240            | 432,321    | 403,837    | 390,467    | 391,775    | 386,308    |
| Intangible assets .....                                       | 122,560            | 124,871    | 132,772    | 115,228    | 120,277    | 124,767    |
| Investments and other assets:                                 |                    |            |            |            |            |            |
| Investment securities .....                                   | 435,635            | 425,696    | 298,364    | 276,230    | 272,123    | 252,299    |
| Long-term loans receivable.....                               | 20,117             | 23,334     | 25,692     | 29,494     | 33,301     | 34,351     |
| Leasehold and guarantee deposits .....                        | 21,076             | 20,095     | —          | —          | —          | —          |
| Long-term prepaid expenses .....                              | 23,908             | 20,457     | —          | —          | —          | —          |
| Retirement benefit asset.....                                 | 73,300             | 69,583     | 55,551     | 47,852     | 39,532     | 31,789     |
| Deferred tax assets .....                                     | 26,583             | 23,276     | 27,426     | 27,407     | 25,085     | 31,554     |
| Other .....   | 14,279             | 13,849     | 48,770     | 47,068     | 53,588     | 52,232     |
| Allowance for doubtful accounts.....                          | (9,939)            | (10,284)   | (10,900)   | (12,195)   | (13,538)   | (12,647)   |
| Total investments and other assets.....                       | 604,961            | 586,008    | 444,905    | 415,858    | 410,093    | 389,580    |
| Total non-current assets.....                                 | 1,176,761          | 1,143,201  | 981,515    | 921,553    | 922,145    | 900,656    |
| Total assets.....   | ¥2,145,576         | ¥2,080,781 | ¥1,989,062 | ¥1,907,755 | ¥1,864,179 | ¥1,815,121 |

| LIABILITIES  | In millions of yen |            |            |            |            |            |
|--|--------------------|------------|------------|------------|------------|------------|
|  | 2025               | 2024       | 2023       | 2022       | 2021       | 2020       |
| <b>Current liabilities:</b>  |                    |            |            |            |            |            |
| Notes and accounts payable–trade.....  | ¥ 41,130           | ¥ 41,003   | ¥ 46,985   | ¥ 44,271   | ¥ 42,858   | ¥ 47,409   |
| Short-term borrowings.....   | 31,577             | 26,910     | 29,085     | 32,159     | 33,806     | 38,364     |
| Current portion of bonds payable .....                                       | 271                | 398        | 407        | 409        | 439        | 2,916      |
| Lease liabilities.....   | 5,227              | 5,186      | 4,704      | 4,843      | 4,730      | 4,702      |
| Accounts payable–other .....   | 47,964             | 51,043     | 44,551     | 43,257     | 42,215     | 42,927     |
| Income taxes payable.....  | 25,854             | 26,895     | 22,762     | 25,043     | 23,440     | 24,740     |
| Accrued consumption taxes .....  | 9,573              | 11,620     | 8,549      | 8,966      | 12,652     | 11,666     |
| Accrued expenses .....   | 11,357             | 11,177     | 11,312     | 8,436      | 7,828      | 7,294      |
| Deposits received for cash collection and deposit services ....              | 121,062            | 123,521    | 118,943    | 118,971    | 119,334    | 118,302    |
| Deferred revenue .....   | 38,601             | 37,565     | 37,730     | 38,228     | 30,192     | 31,224     |
| Provision for bonuses.....   | 20,648             | 19,794     | 19,653     | 17,960     | 18,298     | 18,213     |
| Provision for bonuses for directors (and other officers) .....               | 85                 | 71         | —          | —          | —          | —          |
| Provision for loss on construction contracts.....                            | 1,687              | 2,352      | 2,312      | 2,159      | 1,820      | 2,391      |
| Other .....  | 24,280             | 20,802     | 30,482     | 17,041     | 23,488     | 24,129     |
| Total current liabilities .....  | 379,324            | 378,343    | 377,482    | 361,750    | 361,106    | 374,284    |
| <b>Non-current liabilities:</b>  |                    |            |            |            |            |            |
| Bonds payable .....  | 2,411              | 2,683      | 3,081      | 3,489      | 3,899      | 4,143      |
| Long-term borrowings.....  | 10,138             | 10,924     | 12,349     | 11,650     | 10,444     | 8,674      |
| Lease liabilities.....   | 22,720             | 22,863     | 14,657     | 15,077     | 12,854     | 11,865     |
| Long-term guarantee deposits.....  | 24,099             | 23,701     | 23,662     | 23,669     | 30,694     | 32,632     |
| Deferred tax liabilities .....   | 25,289             | 19,824     | 10,906     | 6,859      | 7,314      | 7,866      |
| Provision for retirement benefits for directors<br>(and other officers)..... | 814                | 792        | 829        | 842        | 793        | 794        |
| Retirement benefit liability.....  | 21,572             | 22,308     | 23,935     | 21,896     | 22,098     | 23,710     |
| Long-term deferred revenue.....  | 16,891             | 15,868     | 16,121     | 16,545     | —          | —          |
| Reserve for contract of insurance .....                                      | 190,373            | 188,103    | 186,033    | 185,698    | 181,014    | 174,602    |
| Other .....  | 4,204              | 4,678      | 3,955      | 4,240      | 4,134      | 4,052      |
| Total non-current liabilities .....  | 318,515            | 311,749    | 295,533    | 289,969    | 273,248    | 268,343    |
| Total liabilities.....   | 697,840            | 690,092    | 673,015    | 651,719    | 634,355    | 642,627    |
| <b>NET ASSETS</b>  |                    |            |            |            |            |            |
| <b>Shareholders' equity:</b>   |                    |            |            |            |            |            |
| Share capital .....  | ¥ 66,427           | ¥ 66,427   | ¥ 66,427   | ¥ 66,419   | ¥ 66,410   | ¥ 66,401   |
| Capital surplus.....   | 68,864             | 71,775     | 70,349     | 70,335     | 81,801     | 81,874     |
| Retained earnings.....   | 1,230,672          | 1,162,259  | 1,100,791  | 1,043,766  | 998,405    | 960,828    |
| Treasury shares .....  | (176,716)          | (149,978)  | (109,224)  | (79,436)   | (73,785)   | (73,775)   |
| Total shareholders' equity.....  | 1,189,247          | 1,150,483  | 1,128,343  | 1,101,084  | 1,072,832  | 1,035,328  |
| <b>Accumulated other comprehensive income:</b>                               |                    |            |            |            |            |            |
| Valuation difference on available-for-sale securities.....                   | 38,661             | 40,637     | 18,771     | 20,220     | 22,122     | 12,095     |
| Deferred gains or losses on hedges .....                                     | (0)                | (1)        | (3)        | (6)        | (11)       | (15)       |
| Foreign currency translation adjustment.....                                 | 34,960             | 22,259     | 10,497     | (5,627)    | (17,011)   | (13,388)   |
| Remeasurements of defined benefit plans.....                                 | 7,478              | 10,995     | 6,815      | 6,865      | 4,247      | 1,096      |
| Total accumulated other comprehensive income .....                           | 81,100             | 73,890     | 36,081     | 21,451     | 9,346      | (212)      |
| Non-controlling interests .....  | 177,388            | 166,314    | 151,621    | 133,499    | 147,645    | 137,378    |
| Total net assets .....   | 1,447,736          | 1,390,689  | 1,316,047  | 1,256,036  | 1,229,824  | 1,172,494  |
| Total liabilities and net assets .....                                       | ¥2,145,576         | ¥2,080,781 | ¥1,989,062 | ¥1,907,755 | ¥1,864,179 | ¥1,815,121 |

Condensed Consolidated Statements of Income (Based on Japanese GAAP)

SECOM CO., LTD. and Subsidiaries  
Years ended March 31

|  | In millions of yen |            |            |            |            |            |
|--|--------------------|------------|------------|------------|------------|------------|
|  | 2025               | 2024       | 2023       | 2022       | 2021       | 2020       |
| Net sales  | ¥1,199,942         | ¥1,154,740 | ¥1,101,307 | ¥1,049,859 | ¥1,035,898 | ¥1,060,070 |
| Percentage change from prior year                | 3.9%               | 4.9%       | 4.9%       | 1.3%       | (2.3)%     | 4.6%       |
| Cost of sales                                    | 828,789            | 797,456    | 758,850    | 712,187    | 705,326    | 722,546    |
| As a percentage of net sales                     | 69.1               | 69.1       | 68.9       | 67.8       | 68.1       | 68.2       |
| Gross profit                                     | 371,153            | 357,284    | 342,456    | 337,672    | 330,571    | 337,523    |
| As a percentage of net sales                     | 30.9               | 30.9       | 31.1       | 32.2       | 31.9       | 31.8       |
| Selling, general and administrative expenses     | 226,855            | 216,626    | 205,756    | 194,173    | 193,645    | 194,664    |
| As a percentage of net sales                     | 18.9               | 18.8       | 18.7       | 18.5       | 18.7       | 18.4       |
| Operating profit                                 | 144,297            | 140,658    | 136,700    | 143,499    | 136,925    | 142,858    |
| As a percentage of net sales                     | 12.0               | 12.2       | 12.4       | 13.7       | 13.2       | 13.5       |
| Non-operating income                             | 36,460             | 31,615     | 23,326     | 14,977     | 11,554     | 13,778     |
| Non-operating expenses                           | 5,634              | 5,414      | 3,903      | 5,290      | 9,489      | 5,281      |
| Ordinary profit                                  | 175,123            | 166,859    | 156,124    | 153,186    | 138,990    | 151,356    |
| As a percentage of net sales                     | 14.6               | 14.4       | 14.2       | 14.6       | 13.4       | 14.3       |
| Extraordinary income                             | 4,550              | 2,922      | 2,474      | 1,033      | 352        | 3,471      |
| Extraordinary losses                             | 4,805              | 6,015      | 5,230      | 2,206      | 10,499     | 6,971      |
| Profit before income taxes                       | 174,868            | 163,765    | 153,367    | 152,013    | 128,843    | 147,855    |
| As a percentage of net sales                     | 14.6               | 14.2       | 13.9       | 14.5       | 12.4       | 13.9       |
| Income taxes—current                             | 47,521             | 47,787     | 44,750     | 45,045     | 43,023     | 45,488     |
| Income taxes—deferred                            | 2,039              | 1,773      | 2,490      | 1,223      | (68)       | 128        |
| Profit   | 125,306            | 114,204    | 106,126    | 105,744    | 85,888     | 102,238    |
| Profit attributable to non-controlling interests | 17,197             | 12,253     | 10,040     | 11,470     | 11,207     | 13,158     |
| Profit attributable to owners of parent          | 108,109            | 101,951    | 96,085     | 94,273     | 74,681     | 89,080     |
| As a percentage of net sales                     | 9.0                | 8.8        | 8.7        | 9.0        | 7.2        | 8.4        |
| Percentage change from prior year                | 6.0                | 6.1        | 1.9        | 26.2       | (16.2)     | (3.2)      |

Consolidated Statements of Comprehensive Income (Based on Japanese GAAP)

SECOM CO., LTD. and Subsidiaries  
Years ended March 31

|   | In millions of yen |          |          |          |         |          |
|---|--------------------|----------|----------|----------|---------|----------|
|   | 2025               | 2024     | 2023     | 2022     | 2021    | 2020     |
| Profit  | ¥125,306           | ¥114,204 | ¥106,126 | ¥105,744 | ¥85,888 | ¥102,238 |
| Other comprehensive income (losses):  |                    |          |          |          |         |          |
| Valuation difference on available-for-sale securities                             | (1,852)            | 22,782   | (1,306)  | (1,835)  | 10,451  | (6,288)  |
| Foreign currency translation adjustment   | 14,991             | 9,833    | 13,472   | 9,484    | (4,485) | (1,236)  |
| Remeasurements of defined benefit plans, net of tax                               | (1,971)            | 5,988    | (683)    | 2,491    | 3,715   | (5,695)  |
| Share of other comprehensive income of entities accounted for using equity method | (1,443)            | 2,118    | 3,884    | 2,539    | 525     | (1,468)  |
| Total other comprehensive income (losses)   | 9,724              | 40,723   | 15,366   | 12,679   | 10,206  | (14,688) |
| Comprehensive income  | 135,031            | 154,928  | 121,492  | 118,423  | 96,095  | 87,550   |
| Comprehensive income attributable to:   |                    |          |          |          |         |          |
| Owners of parent  | 115,319            | 139,760  | 110,715  | 106,378  | 84,240  | 74,994   |
| Non-controlling interests   | 19,711             | 15,167   | 10,776   | 12,044   | 11,854  | 12,555   |

NONCONSOLIDATED FINANCIAL DATA  
(BASED ON JAPANESE GAAP) [REFERENCE]

Contents

|  |    |
|--|----|
| Condensed Nonconsolidated Balance Sheets<br>(Based on Japanese GAAP)       | 44 |
| Condensed Nonconsolidated Statements of Income<br>(Based on Japanese GAAP) | 46 |

Note: From the fiscal year ended March 31, 2025, the Company has partially revised the English labels of its financial statement accounts to conform with the EDINET Taxonomy provided by the Financial Services Agency. However, it should be noted that these revisions are superficial changes to the account labels and do not change their substance.

Condensed Nonconsolidated Balance Sheets (Based on Japanese GAAP)

SECOM CO., LTD.  
As of March 31

| ASSETS   | In millions of yen |            |          |          |          |          |
|--|--------------------|------------|----------|----------|----------|----------|
|  | 2025               | 2024       | 2023     | 2022     | 2021     | 2020     |
| <b>Current assets:</b>                                     |                    |            |          |          |          |          |
| Cash and deposits .....                                    | ¥ 129,046          | ¥ 128,047  | ¥214,287 | ¥227,828 | ¥224,817 | ¥164,370 |
| Cash deposits for cash collection and deposit services ... | 34,382             | 35,342     | 32,088   | 33,777   | 37,273   | 36,730   |
| Notes receivable.....                                      | 324                | 481        | 388      | 363      | 360      | 586      |
| Due from subscribers.....                                  | 20,354             | 19,048     | 18,722   | 17,890   | 18,046   | 18,241   |
| Accounts receivable–trade .....                            | —                  | —          | —        | —        | 10,802   | 12,280   |
| Accounts receivable–trade, and contract assets .....       | 14,219             | 12,395     | 11,934   | 9,777    | —        | —        |
| Accounts receivable–other .....                            | 6,719              | 6,398      | 4,479    | 4,375    | 4,249    | 4,353    |
| Securities .....   | —                  | —          | —        | —        | —        | 1,499    |
| Merchandise.....   | 7,775              | 8,586      | 7,265    | 7,328    | 7,300    | 7,144    |
| Supplies .....   | 2,036              | 2,207      | 2,263    | 2,507    | 2,356    | 2,111    |
| Prepaid expenses .....                                     | 10,808             | 10,224     | 9,521    | 8,674    | 2,483    | 2,432    |
| Short-term loans receivable .....                          | 21,421             | 15,086     | 13,786   | 14,420   | 22,123   | 42,473   |
| Other .....  | 2,374              | 1,879      | 2,232    | 7,887    | 8,568    | 9,208    |
| Allowance for doubtful accounts .....                      | (50)               | (44)       | (38)     | (41)     | (70)     | (89)     |
| Total current assets.....                                  | 249,412            | 239,653    | 316,931  | 334,790  | 338,310  | 301,340  |
| <b>Non-current assets:</b>                                 |                    |            |          |          |          |          |
| Property, plant and equipment:                             |                    |            |          |          |          |          |
| Buildings, net.....  | 19,503             | 14,538     | 15,569   | 16,534   | 16,283   | 17,427   |
| Vehicles, net.....   | 622                | 591        | 589      | 588      | 557      | 492      |
| Security equipment and control stations, net .....         | 80,477             | 75,549     | 69,670   | 68,972   | 71,042   | 71,533   |
| Machinery and equipment, net .....                         | 133                | 104        | 121      | 90       | 105      | 114      |
| Tools, furniture and fixtures, net.....                    | 4,144              | 4,183      | 3,776    | 4,071    | 3,812    | 4,193    |
| Land .....   | 19,924             | 22,016     | 22,159   | 22,230   | 22,249   | 22,281   |
| Construction in progress .....                             | 6,454              | 5,591      | 4,398    | 3,542    | 4,457    | 3,433    |
| Other, net .....   | 1,215              | 1,317      | 1,419    | 1,521    | 1,623    | 1,725    |
| Total property, plant and equipment.....                   | 132,475            | 123,893    | 117,703  | 117,553  | 120,132  | 121,203  |
| Intangible assets:   |                    |            |          |          |          |          |
| Software .....   | 11,200             | 10,159     | 7,104    | 7,137    | 7,826    | 8,181    |
| Other .....  | 6,405              | 4,334      | 5,211    | 3,655    | 3,516    | 1,602    |
| Total intangible assets .....                              | 17,605             | 14,493     | 12,316   | 10,792   | 11,343   | 9,783    |
| Investments and other assets:                              |                    |            |          |          |          |          |
| Investment securities .....                                | 66,732             | 65,995     | 26,762   | 23,047   | 22,215   | 17,749   |
| Shares of subsidiaries and associates.....                 | 459,883            | 453,175    | 420,624  | 393,659  | 356,243  | 353,592  |
| Investments in capital of subsidiaries and associates...   | 2,094              | 2,102      | 2,179    | 2,179    | 2,179    | 2,179    |
| Long-term loans receivable.....                            | 43,577             | 46,278     | 32,483   | 51,307   | 57,331   | 81,174   |
| Leasehold and guarantee deposits .....                     | 7,523              | 7,643      | 7,578    | 7,565    | 7,650    | 7,564    |
| Long-term prepaid expenses .....                           | 17,252             | 14,776     | 11,562   | 11,721   | 20,104   | 20,876   |
| Prepaid pension costs .....                                | 43,403             | 38,400     | 34,006   | 29,605   | 25,825   | 22,614   |
| Deferred tax assets .....                                  | —                  | 750        | 3,849    | 5,548    | 4,408    | 5,306    |
| Insurance funds .....                                      | 4,260              | 4,279      | 4,298    | 4,370    | 4,268    | 4,227    |
| Other .....  | 3,026              | 3,179      | 3,244    | 2,234    | 2,307    | 2,408    |
| Allowance for doubtful accounts.....                       | (491)              | (491)      | (660)    | (874)    | (827)    | (2,826)  |
| Total investments and other assets.....                    | 647,262            | 636,089    | 545,929  | 530,365  | 501,706  | 514,866  |
| Total non-current assets .....                             | 797,343            | 774,477    | 675,949  | 658,710  | 633,182  | 645,853  |
| Total assets.....  | ¥1,046,756         | ¥1,014,130 | ¥992,881 | ¥993,501 | ¥971,493 | ¥947,194 |

| LIABILITIES  | In millions of yen |            |           |          |          |          |
|--|--------------------|------------|-----------|----------|----------|----------|
|  | 2025               | 2024       | 2023      | 2022     | 2021     | 2020     |
| <b>Current liabilities:</b>                                      |                    |            |           |          |          |          |
| Accounts payable.....  | ¥ 4,732            | ¥ 4,326    | ¥ 4,183   | ¥ 3,676  | ¥ 4,505  | ¥ 4,125  |
| Short-term borrowings.....                                       | 19,283             | 14,746     | 16,180    | 17,467   | 19,516   | 22,565   |
| Lease liabilities.....   | 328                | 308        | 284       | 275      | 263      | 271      |
| Accounts payable–other .....                                     | 17,469             | 20,170     | 16,719    | 16,445   | 17,297   | 17,381   |
| Accounts payable–facilities .....                                | 6,410              | 4,228      | 4,749     | 3,530    | 4,348    | 4,127    |
| Income taxes payable.....  | 10,890             | 10,880     | 9,973     | 11,189   | 10,594   | 11,848   |
| Accrued consumption taxes .....                                  | 3,683              | 3,923      | 2,898     | 3,489    | 5,131    | 5,106    |
| Accrued expenses .....   | 961                | 707        | 753       | 779      | 675      | 739      |
| Deposits received for cash collection and deposit services ..... | 15,097             | 20,593     | 15,907    | 16,313   | 17,788   | 14,192   |
| Deferred revenue .....   | 22,968             | 22,455     | 22,615    | 22,963   | 19,808   | 20,147   |
| Provision for bonuses.....                                       | 6,988              | 6,693      | 6,299     | 6,432    | 6,718    | 6,849    |
| Provision for bonuses for directors (and other officers) ...     | 61                 | 40         | —         | —        | —        | —        |
| Provision for loss on contracts.....                             | 391                | 281        | 1,141     | —        | —        | —        |
| Provision for shareholder benefit program .....                  | 312                | —          | —         | —        | —        | —        |
| Other .....  | 6,557              | 4,975      | 4,352     | 3,932    | 4,603    | 4,902    |
| Total current liabilities .....                                  | 116,138            | 114,332    | 106,060   | 106,496  | 111,252  | 112,258  |
| <b>Non-current liabilities:</b>                                  |                    |            |           |          |          |          |
| Lease liabilities.....   | 3,278              | 3,435      | 3,543     | 3,691    | 3,807    | 3,867    |
| Long-term guarantee deposits.....                                | 15,654             | 15,735     | 15,823    | 15,975   | 16,167   | 16,347   |
| Long-term deferred revenue.....                                  | 7,073              | 6,412      | 6,138     | 6,059    | —        | —        |
| Deferred tax liabilities .....                                   | 3,114              | —          | —         | —        | —        | —        |
| Provision for retirement benefits.....                           | 237                | 408        | 687       | 1,037    | 1,389    | 1,517    |
| Other .....  | 218                | 543        | 320       | 291      | 313      | 326      |
| Total non-current liabilities .....                              | 29,577             | 26,534     | 26,512    | 27,054   | 21,678   | 22,058   |
| Total liabilities .....  | 145,715            | 140,867    | 132,572   | 133,551  | 132,931  | 134,316  |
| <b>NET ASSETS</b>  |                    |            |           |          |          |          |
| <b>Shareholders' equity:</b>                                     |                    |            |           |          |          |          |
| Share capital .....  | ¥ 66,427           | ¥ 66,427   | ¥ 66,427  | ¥ 66,419 | ¥ 66,410 | ¥ 66,401 |
| Capital surplus:   |                    |            |           |          |          |          |
| Legal capital surplus.....                                       | 83,103             | 83,103     | 83,103    | 83,095   | 83,086   | 83,077   |
| Other capital surplus .....                                      | 6,798              | 4,983      | 3,432     | 3,432    | 0        | 0        |
| Total capital surplus .....                                      | 89,902             | 88,087     | 86,536    | 86,528   | 83,087   | 83,078   |
| Retained earnings:   |                    |            |           |          |          |          |
| Legal retained earnings .....                                    | 9,028              | 9,028      | 9,028     | 9,028    | 9,028    | 9,028    |
| Other retained earnings:   |                    |            |           |          |          |          |
| Reserve for system developments .....                            | 800                | 800        | 800       | 800      | 800      | 800      |
| General reserve .....  | 2,212              | 2,212      | 2,212     | 2,212    | 2,212    | 2,212    |
| Retained earnings brought forward .....                          | 896,619            | 844,392    | 797,939   | 768,348  | 744,495  | 721,639  |
| Total retained earnings.....                                     | 908,659            | 856,433    | 809,979   | 780,388  | 756,535  | 733,679  |
| Treasury shares .....  | (176,716)          | (149,978)  | (109,224) | (79,436) | (73,785) | (73,775) |
| Total shareholders' equity.....                                  | 888,272            | 860,968    | 853,718   | 853,900  | 832,248  | 809,383  |
| <b>Valuation and translation adjustments:</b>                    |                    |            |           |          |          |          |
| Valuation difference on available-for-sale securities.....       | 12,768             | 12,294     | 6,589     | 6,049    | 6,313    | 3,494    |
| Total valuation and translation adjustments .....                | 12,768             | 12,294     | 6,589     | 6,049    | 6,313    | 3,494    |
| Total net assets .....   | 901,041            | 873,263    | 860,308   | 859,950  | 838,562  | 812,878  |
| Total liabilities and net assets .....                           | ¥1,046,756         | ¥1,014,130 | ¥992,881  | ¥993,501 | ¥971,493 | ¥947,194 |



## Condensed Nonconsolidated Statements of Income (Based on Japanese GAAP)

SECOM CO., LTD.

Years ended March 31

|   | In millions of yen |          |          |          |          |          |
|---|--------------------|----------|----------|----------|----------|----------|
|   | 2025               | 2024     | 2023     | 2022     | 2021     | 2020     |
| Net sales.....                                    | <b>¥416,862</b>    | ¥405,671 | ¥391,570 | ¥395,181 | ¥394,389 | ¥398,929 |
| <i>Percentage change from prior year .....</i>    | <b>2.8%</b>        | 3.6%     | (0.9)%   | 0.2%     | (1.1)%   | 1.2%     |
| Cost of sales.....                                | <b>251,651</b>     | 243,745  | 232,887  | 234,703  | 235,165  | 236,397  |
| <i>As a percentage of net sales.....</i>          | <b>60.4</b>        | 60.1     | 59.5     | 59.4     | 59.6     | 59.3     |
| Gross profit.....                                 | <b>165,210</b>     | 161,925  | 158,683  | 160,478  | 159,224  | 162,531  |
| <i>As a percentage of net sales.....</i>          | <b>39.6</b>        | 39.9     | 40.5     | 40.6     | 40.4     | 40.7     |
| Selling, general and administrative expenses..... | <b>89,161</b>      | 87,062   | 84,067   | 81,775   | 83,682   | 85,654   |
| <i>As a percentage of net sales.....</i>          | <b>21.4</b>        | 21.5     | 21.5     | 20.7     | 21.2     | 21.5     |
| Operating profit.....                             | <b>76,049</b>      | 74,863   | 74,615   | 78,703   | 75,541   | 76,877   |
| <i>As a percentage of net sales.....</i>          | <b>18.2</b>        | 18.5     | 19.1     | 19.9     | 19.2     | 19.3     |
| Non-operating income.....                         | <b>40,531</b>      | 39,507   | 20,887   | 18,872   | 16,174   | 16,950   |
| Non-operating expenses.....                       | <b>2,720</b>       | 2,145    | 2,247    | 2,480    | 2,414    | 3,289    |
| Ordinary profit.....                              | <b>113,860</b>     | 112,225  | 93,255   | 95,094   | 89,301   | 90,538   |
| <i>As a percentage of net sales.....</i>          | <b>27.3</b>        | 27.7     | 23.8     | 24.1     | 22.6     | 22.7     |
| Extraordinary income.....                         | <b>2,639</b>       | 950      | 463      | 548      | 226      | 1,651    |
| Extraordinary losses.....                         | <b>1,720</b>       | 3,419    | 2,184    | 1,621    | 8,992    | 2,092    |
| Profit before income taxes.....                   | <b>114,779</b>     | 109,757  | 91,534   | 94,021   | 80,534   | 90,097   |
| <i>As a percentage of net sales.....</i>          | <b>27.5</b>        | 27.1     | 23.4     | 23.8     | 20.4     | 22.6     |
| Income taxes.....                                 | <b>22,855</b>      | 22,820   | 22,883   | 24,135   | 20,574   | 24,289   |
| <i>Effective tax rate.....</i>                    | <b>19.9</b>        | 20.8     | 25.0     | 25.7     | 25.5     | 27.0     |
| Profit.....                                       | <b>91,924</b>      | 86,936   | 68,651   | 69,885   | 59,960   | 65,808   |
| <i>As a percentage of net sales.....</i>          | <b>22.1</b>        | 21.4     | 17.5     | 17.7     | 15.2     | 16.5     |
| <i>Percentage change from prior year .....</i>    | <b>5.7</b>         | 26.6     | (1.8)    | 16.6     | (8.9)    | (11.1)   |